

Daily Report

China

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FBIS-CHI-94-130 *7 July 1994*

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General

Foreign Ministry Holds Weekly News Conference

Spokesman on Easing of Korean Tension

HK0707110094 Hong Kong AFP in English 1053 GMT 7 Jul 94

[Text] Beijing, July 7 (AFP)—China expressed its gratification Thursday at the recent defusion of tension over the North Korea nuclear issue, urging the parties concerned to continue with patient dialogue. "We are pretty gratified with the relaxation that has arisen on the Korean peninsula," foreign ministry spokesman Shen Guofang told a weekly news briefing. "It is our hope that the parties concerned will carry on their dialogues with patience in order to have more progress," the spokesman said.

North and South Korea, still technically at war, agreed on Tuesday to hold their first-ever summit in Pyongyang from July 25 to 27. The summit was brokered by former U.S. President Jimmy Carter when he visited Seoul and Pyongyang in mid-June as U.S.-led pressure mounted on North Korea to accept full international inspections of its suspected nuclear facilities. China, a permanent member of the UN Security Council, had consistently expressed its opposition to U.S. calls for the imposition of UN sanctions against its communist ally and insisted that a return to dialogue was the only way to resolve the crisis.

Criticizes Taiwan 'White Paper'

HK0707094094 Hong Kong AFP in English 0927 GMT 7 Jul 94

[Text] Beijing, July 7 (AFP)—China on Thursday slammed a Taiwan White Paper calling for political recognition of Taipei and rejecting Beijing's concept of "one country, two systems" as a basis for unifying the two rivals. The White Paper, released in Taipei on Tuesday, opposed the Chinese concept on the grounds that the "one country" referred to the mainland, with Taiwan reduced to a subordinate special administrative zone. Taipei proposed instead the notion of "two equal political entities" as a more realistic foundation for guiding future exchanges between the two sides, with the eventual goal of reunification.

However, Chinese Foreign Ministry spokesman Shen Guofang said Beijing, which has viewed Taiwan as a renegade province ever since nationalist forces fled to the island after losing the civil war in 1949, looked on such a proposal as trying to split China. "This theory in fact is nothing but an attempt to create two Chinas. Therefore it is something that we strongly oppose," Shen told a weekly press briefing.

China has always reacted strongly to any move hinting at political legitimacy for the government in Taipei, and prohibits countries with which it has diplomatic ties from recognising Taiwan.

Huang Kun-hui, the chairman of Taiwan's Mainland Affairs Council (MAC) which issued the White Paper, denied Tuesday that the concept put forward by Taipei was advocating "two Chinas," saying the idea was of two political entities "within China."

Shen also condemned the White Paper for "attacking and distorting" the mainland's social system and foreign and domestic policies as well as "vilifying" the achievements of the communist revolution. "We strongly oppose this and we duly refute it," Shen said, warning that such statements were "obviously unhelpful to the improvement and development of relations between the two sides."

Further on 'White Paper'

HK0707140694 Beijing ZHONGGUO XINWEN SHE in Chinese 1209 GMT 7 Jul 94

[Text] Beijing, 7 Jul (ZHONGGUO XINWEN SHE)—Chinese Foreign Ministry Spokesman Shen Guofang said today that mainland China welcomes the "one China" view as reiterated in the White Paper on Mainland Policy published by the Taiwan authorities but that the White Paper, in essence, still creates a "two Chinas" view and this is what the mainland is resolutely against.

Answering reporters' questions at today's news briefing, Shen Guofang said: While the White Paper affirms "one China," opposes "one China, one Taiwan," and "two Chinas," it stresses using "one China and two political entities on an equal footing" as a framework to determine relations between the two sides of the Taiwan Strait. Moreover, it also favors Taiwan joining international organizations of all forms and says that this will not hinder the progress of reunification but, on the contrary, can ease the tension between the two sides and can create favorable conditions for peaceful reunification. This, in essence, still creates a "two Chinas" view and the mainland will be resolutely against it.

He added that the White Paper devotes a large portion to distorting and attacking mainland China's social system and its home and foreign policies and vilifying the great achievements of the revolution and construction by the Chinese people. The mainland is resolutely against this and refutes it. Such views by the Taiwan authorities are obviously not conducive to improving and developing relations between the two sides of the Taiwan Strait.

Urges Cambodia To Resolve Problems

HK0707110694 Hong Kong AFP in English 1100 GMT 7 Jul 94

[Text] Beijing, July 7 (AFP)—China urged Cambodia Thursday to use peaceful means to resolve its present problems, saying this was important for regional peace and stability. Foreign ministry spokesman Shen Guofang said last week's attempted coup in Cambodia and its parliament's unanimous approval Thursday of a bill to outlaw the ultra-left Khmer Rouge were the country's "internal affair." Nevertheless, he said that, as a friendly

neighbour, China "hopes the situation in Cambodia will remain stable and that under the leadership of King (Norodom) Sihanouk that nation will seek to resolve its problems by peaceful means and achieve its national reconciliation." "This will serve the fundamental interest of the Cambodian people and of that country itself and will also contribute to peace and stability in the region," Shen told a weekly news briefing.

Hopes G-7 Summit Will Aid World Economy

OW0707095094 Beijing XINHUA in English 0932 GMT 7 Jul 94

[Text] Beijing, July 7 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that China hopes the forthcoming G-7 summit will benefit the development of global economy and peace.

Spokesman Shen Guofang made the remark at a weekly press conference when he was asked about China's expectations of the G-7 summit meeting.

"As the most developed economies in the world, the seven Western powers bear special responsibilities for developing the world economy," Shen said.

"It is our hope that the actions the forthcoming G-7 meeting will decide to take will benefit the development of global economy as well as international stability and peace, and that the meeting will adopt a more positive attitude towards improving North-South relations and helping developing countries to overcome their economic difficulties," he said.

He also expressed hope that the developed countries will honor their commitment made in the General Agreement on Tariffs and Trade (GATT) and other multilateral agreements and remove the trade barriers set against the export from developing countries.

"All these will serve to advance the global economy, including the seven powers' own economic development," Shen said.

Reiterates Sovereignty Over Islands

OW0707085794 Beijing XINHUA in English 0845 GMT 7 Jul 94

[Text] Beijing, July 7 (XINHUA)—A Chinese Foreign Ministry spokesman reiterated here today that China has indisputable sovereignty over the Nansha [Spratly] and Xisha [Paracel] Islands.

The spokesman, Shen Guofang, made the statement at a weekly press conference when he commented on Vietnam's recent territorial claims on China's Nansha and Xisha Islands.

Vietnam made the claims in the resolution to approve the 1982 United Nations' Convention on the Law of the Sea adopted at the Fifth Session of the Ninth Vietnamese National Assembly on June 23.

"China's position on this issue is consistent and a clear-cut one," Shen said. "As China has indisputable sovereignty over the Nansha and Xisha Islands and their adjacent waters, the Chinese Government finds the above territorial claims made by the Vietnamese side entirely unacceptable."

Meanwhile, the spokesman noted, proceeding from maintaining the overall interests of Sino-Vietnamese relations and safeguarding peace and stability in the region, the Chinese side is ready to "shelve the dispute while going for joint development" with respect to the Nansha Islands and resolve the existing disputes with the Vietnamese side through bilateral negotiations.

More on Spratlys, Paracels

OW0707143494 Beijing XINHUA Domestic Service in Chinese 1252 GMT 7 Jul 94

[Excerpt] Beijing, 7 Jul (XINHUA)—At a press conference held this afternoon, Shen Guofang, a spokesman for the Ministry of Foreign Affairs, reiterated China's stance on the Xisha [Paracel] and Nansha [Spratly] Islands, put forward hope for the summit of G-7 heads of state, and explained China's position on armed conflict in Yemen.

He said: In the "Resolution on Approving the 1982 United Nations' Convention on the Law of the Sea," adopted at the Fifth Session of the Ninth Vietnamese National Assembly on June 23, Vietnam again made sovereignty claims over China's Xisha and Nansha Islands. China's position on this issue is consistent and clear-cut. As China has indisputable [wu ke zheng bian 2477 0668 3630 6589] sovereignty over the Nansha and Xisha Islands and their adjacent waters, the Chinese Government finds the above territorial claims of the Vietnamese side totally unacceptable [wan quan bu neng jie shou 1346 0356 0008 5174 2234 0649]. Meanwhile, proceeding from maintaining the overall interests of Sino-Vietnamese relations and safeguarding regional peace and stability, the Chinese side is willing [yuan yi 1959 1942] to "shelve the disputes and go for joint development" with respect to the Nansha Islands issue, and to resolve the existing disputes through bilateral negotiations. [passage omitted]

Urges Yemen's Implementation of UN Resolutions

OW0707090994 Beijing XINHUA in English 0851 GMT 7 Jul 94

[Text] Beijing, July 7 (XINHUA)—A Chinese Foreign Ministry spokesman today called on parties concerned in Yemen to implement relevant U.N. resolutions and cease firing immediately.

The spokesman, Shen Guofang, made the statement at a weekly press conference when he was asked to comment on the exacerbating conflicts in Yemen after the United Nations Security Council adopted Resolutions 924 and 931.

"China and Yemen enjoy a sound relationship," the spokesman said. "We are always concerned about the developments in Yemen and deeply disturbed by the continuation of the large-scale armed conflict in that country resulting in huge human casualties and devastation of production and living facilities there."

"We sincerely hope the parties concerned in Yemen will implement in earnest the U.N. Security Council Resolutions 924 and 931, cease fire immediately and settle disputes through negotiations so as to restore peace and stability in Yemen as early as possible," the spokesman said.

Qian Qichen To Visit India, Nepal, Thailand

OW0707094094 Beijing XINHUA in English 0905 GMT 7 Jul 94

[Text] Beijing, July 7 (XINHUA)—Chinese Vice-Premier and Foreign Minister Qian Qichen will pay official goodwill visits to India, Nepal and Thailand from July 17 to 21.

This was announced by Chinese Foreign Ministry spokesman, Shen Guofang, at a weekly press conference here today.

Qian is invited by the Government of India, Nepalese Prime Minister and Foreign Minister Girija Prasad Koirala and Thai Foreign Minister Prasong Sunsiri, Shen said.

Meanwhile, Shen announced, Qian, as guest of the ASEAN, will also attend the 27th ASEAN foreign ministers' meeting to be held in Bangkok from July 22 to 23 and the first meeting of the ASEAN regional forum to be held in Bangkok on July 25.

Spokesman Confirms UK Minister's Visit

HK0707105294 Hong Kong AFP in English 1032 GMT 7 Jul 94

[Text] Beijing, July 7 (AFP)—China confirmed Thursday that British Foreign Office Minister Alistair Goodlad will visit next week to discuss bilateral ties, stressing its desire to resume cooperation despite a row over Hong Kong. Foreign ministry spokesman Shen Guofang said Goodlad—who has special responsibility for Hong Kong, Southeast Asia, Australasia and the Pacific—would arrive July 14 and travel on to Shanghai. He declined to give further itinerary details.

The spokesman appeared to rule out any meeting with top Chinese leaders, saying Goodlad would discuss Sino-British ties and matters of mutual interest with foreign ministry officials "of corresponding capacity." Goodlad's interlocuteurs will include his host, Vice Foreign Minister Jiang Enzhu, said British officials, who had previously indicated he would arrive for a six-day visit on July 13.

The visit will be the first by a foreign office minister since Foreign Secretary Douglas Hurd a year ago. It comes as Britain and China seek to improve relations despite differences over electoral reform in Hong Kong.

China reacted to the Hong Kong Legislative Council's passage last week of Governor Chris Patten's controversial democratic reform bill, by simply reiterating it would replace the existing political structure when it resumes sovereignty on July 1 1997. "We wish to have cooperation with the British side and improve bilateral ties, but that will depend on the actions the British side makes," Shen said at a weekly news briefing. "Although the political negotiations have come to be terminated, it is still necessary for the two sides to carry on their cooperation in such areas as the airport project, the future use of military sites and the stabilisation of the currency," he said.

With regard to long-running talks over the funding differences of Hong Kong's 21-billion-dollar airport, Shen said "progress has been constantly made," but added that new problems continue to arise. "The Chinese side wishes to reach a comprehensive agreement on the funding plan with the British side," he said, expressing optimism that this could be achieved if both sides continued talks on the basis of the 1991 memorandum of understanding on the project. "We hope to have cooperation with the British side in this respect," he said.

Bulgarian Foreign Minister To Visit

OW0707084594 Beijing XINHUA in English 0831 GMT 7 Jul 94

[Text] Beijing, July 7 (XINHUA)—At the invitation of Chinese Vice-Premier and Foreign Minister Qian Qichen, Stanislav Daskalov, minister of foreign affairs of Bulgaria, will pay an official visit to China from July 10 to 13, a Chinese Foreign Ministry spokesman announced here this afternoon.

Lithuanian Parliament Leader To Visit

OW0707090594 Beijing XINHUA in English 0844 GMT 7 Jul 94

[Text] Beijing, July 7 (XINHUA)—At the invitation of China's National People's Congress Standing Committee, a delegation from the parliament of Lithuania led by its president, Cheslovas Yurshenas, will pay an official goodwill visit to China from July 12 to 18.

This was announced by a Chinese Foreign Ministry spokesman here this afternoon at a weekly press conference.

Papua New Guinean Official To Visit

OW0707085094 Beijing XINHUA in English 0834 GMT 7 Jul 94

[Text] Beijing, July 7 (XINHUA)—At the invitation of Chinese Vice-Premier and Foreign Minister Qian

Qichen, Julius Chan, deputy prime minister and minister for foreign affairs and trade of the Independent State of Papua New Guinea, will visit China from July 13 to 19.

This was announced by a Chinese Foreign Ministry spokesman at a weekly press conference here this afternoon.

Zou Jiahua Calls For 'Sustainable Development'

OW0707113694 Beijing XINHUA in English 0829 GMT 7 Jul 94

[Text] Beijing, July 7 (XINHUA)—Taking the path of sustainable development is the inevitable choice for China in the next few years and beyond this century, a senior Chinese official said here today.

Addressing the opening session of the high-level international round-table conference on China's Agenda 21, Vice-Premier Zou Jiahua said that drafting and implementing China's Agenda 21 and taking the path of sustainable development are the inevitable choice of development in the next few years and beyond this century.

"Reviewing the course of mankind's socio-economic development, we should recognize that the traditional development model, characterized by high consumption of resources in pursuit of quantitative economic growth and "pollution first and its treatment afterwards", can no longer meet the requirements of development that brings population growth, economy, society, environment and resources into harmony," he said. [quotation marks as received]

China's Agenda 21 which was approved by the State Council last March, is a white paper on China's population, environment and development in the 21st century. It is regarded as a strategic document guiding the country's efforts for social development.

"China is a developing country with a population of nearly 1.2 billion which is increasing by 15 million each year," he noted.

"China is faced with the pressing task of developing its economy, removing poverty, raising living standards and improving the quality of life," he said.

"At the same time, China's economic growth has been achieved under the conditions of a large population, scarce per-capita resources and a relatively low economic and scientific level," he said.

Zou said that the Chinese Government has no other choice but to pursue the strategy of sustainable development in order to meet its development targets while protecting China's natural resources and ecosystem for the benefit of long-term and stable development.

"China is willing to enter into fruitful co-operation on a bilateral or multilateral basis with countries and regions the world over for the implementation of its Agenda 21," Zou added.

He noted that China now faces such serious environmental problems as land degradation, desertification, soil erosion, water quality deterioration, shortage of water, flooding and drought, forest and vegetation degradation, and various kinds of pollution.

"However, with limited financial resources and a low technological level, it is not only unrealistic but also against the spirit of sustainable development to lay lopsided stress on environmental protection at the expense of development and in disregard of poverty," he said.

The senior Chinese official said he hoped that the international community would show a keen interest in China's environment and development issues, and do something to help the country.

"At present, China is in the process of deepening reform, opening wider to the outside world and pursuing rapid economic development. The great market potential in China also provides a sound basis for China's co-operation with the rest of the world," Zou said.

World Bank Approves Loans for China's Housing Reform

OW0707013294 Beijing XINHUA in English 0105 GMT 7 Jul 94

[Text] Washington, July 6 (XINHUA)—The World Bank today approved a loan of 275 million U.S. dollars and a credit of 75 million dollars to support China's effort to commercialize its housing market.

The loan to four Chinese cities will be used to set up joint-stock housing management companies with equity capital in the form of housing stock contributed by the participating enterprises.

The companies rent and sell the housing at prices that recover costs, giving first preference to the employees of the participating enterprises.

More than 100 million workers in China depend on their employers for virtually free housing. China is now experimenting with fully commercial pricing in a fraction of its housing markets.

"If successful," the bank said in a statement on the project's significance, "the new market-based housing system will be spread to other areas, removing a main obstacle to freer mobility of labor in China."

In addition to Beijing, where 9.6 million squares meters of housing will be put under the project before the year 2000, three other Chinese cities will join too. They are Chengdu, Ningbo and Yantai.

Latvia, U.S. Sign Cooperation Agreements

OW0607183694 Beijing XINHUA in English 1500 GMT 6 Jul 94

[Text] Moscow, July 7 (XINHUA)—Latvia and the United States signed in Latvia's capital city of Riga today two agreements on cooperation in science and technology and on trade relations and protection of intellectual property.

The agreements were reached during the talks between visiting U.S. President Bill Clinton and Latvian Prime Minister Valdis Birkavs, reports from Riga said.

Clinton arrived in Riga this morning for a short official visit to the Baltic Republic. It is the first time for a U.S. President to tour the region.

The talks between the U.S. President and the Latvian prime minister focused on economic issues. Before the talks, the U.S. President had a meeting with the leaders of the three former Soviet Baltic States—Latvian President Guntis Ulmanis, Lithuanian President Algirdas Brazauskas and Estonian President Lennart Meri.

The four presidents discussed how to ensure "prosperity and security" in the Baltic region, the reports said.

Clinton and his party are scheduled to leave the Latvian capital for Poland later today.

Article Discusses U.S. Relationship With West Europe

HK0707141094 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 29 Jun 94 p 6

["Special article" by Shen Xiaoquan (3088 1321 3123): "Trend of Europe-U.S. Relations Following the Cold War"]

[Text] Since the disintegration of the Soviet Union and the Warsaw Pact, the allied relationship between the Western Europe and the United States has lost its original significance, to a considerable extent, and has been in a condition of readjustment. Analyzing the changes in the Europe-U.S. relationship over the past few years is conducive to having a good grasp of the future trends of this relationship. There are some major trends regarding the changes in the Europe-U.S. relationship which merit our attention. 1. The end of the Cold War between the East and the West has made the economic and trade conflicts among the Western countries more prominent, and the contradictions between Europe and the United States have become particularly conspicuous. What is more, the intensified dispute over the issue of agricultural product subsidies has ignited a mighty uproar. At the end of last year, an agreement was reached at the Uruguay Round of GATT talks. Although some problems remained unsolved, taken as a whole, trade frictions between the two sides of the Atlantic Ocean have been mitigated. After readjusting its policy in Asia, the Clinton administration has noted that Europe is, after all, the region "in which its vital interests lie, and trade between the two sides is basically balanced." Hence, it began to realize once again Europe's role as its trade partner.

2. At the time when people in Europe were pushing economic integration, voices calling for political and defense independence became louder and louder, as shown by the proposal put forward by France to establish a European defense system. After that, the Europe Corps was officially founded, the Western European Union—the only military consulting organization in Europe—succeeded in enlarging its functions, and the name of the European Community was changed to the European Union, thereby setting the ultimate goal of entering into a political and defensive alliance. However, the strength of Europe is limited, after all. That is why it could play only a "back-seat role" in the Gulf War. It also lacks adequate measures to stop the civil war in Bosnia-Herzegovina which broke out right on its doorstep.

3. The United States, the sole superpower following the disintegration of the Soviet Union, is unable to do as much as it wishes in foreign affairs, owing to the restraint of its domestic economy and other factors, and has found it difficult to act as a "world policeman." Its predicament in Somalia is an example. Washington has acted even more prudently in the affairs of the eventful Europe. Instead of sending troops to Bosnia-Herzegovina, where the flames of war continued to burn, it has just looked on at the trouble there with indifference. From the "New Atlantic Doctrine" (which was aimed at maintaining the dominant position of the United States in European affairs by means of expanding NATO's role) as proposed by former U.S. President Bush in 1989, to the establishment of a "still more powerful Europe" (which called for Europe to assume a greater responsibility) as emphasized by President Clinton in Paris recently, it is not difficult to discover signs of U.S. policy readjustments in Europe.

The new trend of the European-U.S. relationship indicates that both sides have different strategic objects in mind. The armed conflicts in the former Yugoslavia and the latent contradictions in other regions have directly endangered European stability. Therefore, it is a task of top priority and a center of gravity for defense and security in Europe to quench the flames of war in Bosnia-Herzegovina and to remove other hidden perils in the region. this, however, is not a U.S. focus of attention. The United States has its eyes on how it should cope with Russia because, given an unstable and ever-changing domestic situation, this country still has strong military muscles and a nuclear arsenal that are not to be ignored, and nationalist forces are gaining ground there. All this has constituted a real threat. Clinton tried by every possible means to force Russia to sign the "Partnership for Peace" with NATO, so he has made an important score in the U.S. global strategy. Afterward, the European Union also signed an "accord of partnership and cooperation" with Russia, which was aimed at

securing its hold on the "huge monster" in the East through economic cooperation.

From Clinton's recent remarks, people will note that the United States wants to draw support from the development in Europe to make good its own weaknesses. This is also reflected in its attitude toward the major Western European countries. As France and Germany are the axis of Europe, the United States repeatedly strengthens its relationship with them, but despite its special relationship with the United Kingdom, the United States has left it out in the cold, owing to the latter's role as an "opposition faction" in the European Union. This is quite reasonable too.

Central Eurasia

Paper Views 'Inside Story' on Yeltsin Letter to Jiang

HK0407112894 Hong Kong KUANG CHIAO CHING in Chinese No 261, 16 Jun 94 pp 6-8

[Article by Ho Tan-chi (6320 0830 1142): "Inside Story on Yeltsin's Letter to Jiang Zemin, Russian Leaders' Recent Visits to Beijing"]

[Text] **Yeltsin has written a personal letter to Jiang Zemin, proposing that China and Russia establish a "constructive partnership geared to the needs of the 21st century." Jiang Zemin's Moscow mission this September is now attracting the world's attention.**

Chinese and Russian high-ranking military and political officials have been maintaining very frequent contacts since the beginning of this year. The Russian foreign minister and premier, as well as the chief of the general staff of the Russian Army and the parliament leader, separately visited Beijing in the first half of this year. Russia is experiencing an unprecedented "China heat" and giving "priority to China" has become a new Russian state policy. Why has there been such a great and dramatic change? What have the members of the Chinese and Russian higher leadership ever discussed?

Yeltsin Writes a Personal Letter to Jiang Zemin, Proposing the Establishment of a Partnership Geared to the Needs of the 21st Century

Some people say that this is "China's Russia year" because intercourse has never been so frequent and contacts have never so close before between China and Russia from the higher to the lower levels.

Russia is attempting to rebuild the image of a big power. A reliable source has disclosed that Yeltsin wrote a personal letter to Jiang Zemin early this year, proposing the idea that Russia and China establish a "constructive partnership geared to the needs of the 21st century."

Consolidating a peaceful peripheral environment and, steadily and on a long-term basis, developing a good-neighborly, friendly relationship with Russia, the largest neighboring country to the north, is an important step in China's diplomatic efforts. Li Peng, State Council premier who is in charge of foreign affairs and head of the foreign affairs group of the CPC Central Committee, has given the following instruction: Relations with Russia are very important and merit great attention.

Important Russian Military and Political Leaders Visit China In Turn

From early this year until June, many important Russian military and political leaders have visited Beijing in turn. These officials have ranged from the foreign minister to the premier and from the chief of the army general staff to the leader of parliament, all were entertained by Beijing as guests. No country has ever acted like Russia, sending important military and political leaders and the head of parliament to visit Beijing every month, one after another. An unprecedented "China heat" is now on the upsurge since Russian President Yeltsin's visit to China in late 1992.

In late January this year, Russian Foreign Minister Kozyrev visited Beijing and put forward the idea that "the development of relations with China is a priority aspect of Russia's foreign relations."

Kolesnikov, chief of the general staff of the Russian Armed Forces, visited China in the middle of April. In Beijing, he met with Liu Huaqing, vice chairman of the Central Military Commission, and held talks with General Zhang Wannian, chief of staff of the Chinese Army, to exchange views on strengthening trust between China and Russia in the military field and reducing armed forces deployed along the Sino-Russian border. After his visit to Beijing, General Kolesnikov said that "developing friendly and cooperative relations with the Chinese Army is of prime significance."

In the middle of May, Ivan Rybkin, chairman of the Russian State Duma (the Russian parliament's lower house), visited Beijing. He attached even greater importance to Russian-Chinese relations than Foreign Minister Kozyrev had. He said: China is a priority not only in Russia's foreign policy but also in foreign economic cooperation.

"Priority to China" Has Become a Russian State Policy

Russia's adoption of the policy which gives "priority to China" both in diplomatic and economic affairs is based on geopolitical concerns as well as consideration for its own economic interests. The "shock therapy" that Russia has practiced in its economic reform over recent years has been unsuccessful. The Russians are facing numerous economic difficulties at home but the West has mainly paid lip service as regards economic aid. After attempts and frustration, Russia has now shifted its focus onto promoting highly mutually-complementary economic cooperation and trade with China. This year has seen Russia exerting influence to ease the Bosnia war crisis and to push ahead the Israeli-Palestinian peace talks. Now Russia hopes, very eagerly,

to play an important role in the Asia-Pacific region. In this regard, it needs China's help. To respond to this question, the foreign affairs committees of the Russian Federation Council (upper house) and of the Russian State Duma (lower house) held in Moscow, in late April, a hearing on the development of Russian-Chinese relations. The hearing stated that developing good neighborly and friendly relations between Russia and China is in keeping with Russia's long-term national interests and can help lay down a foundation for a balanced security and stability system in the Asia-Pacific region and the world. It was stated that a mutually beneficial economic and trade relationship between Russia and China is an important factor for Russia's economic reform and the country's participation in the process of integration of Russia and the Asia-Pacific region.

China and Russia Signed Seven Accords During Russian Prime Minister's Visit to Beijing

As the "China heat" was heating up, Russian Prime Minister Chernomyrdin paid a visit to Beijing in late May. The main theme of this Russian Government leader's first visit to China was the further development of economic and trade cooperation with China.

Sino-Russian trade has been developing very fast over the past three years, with the trade volume between the two countries reaching $5.8 billion in 1992 and increasing to $7.6 billion in 1993. However, this latter figure was less than 4 percent of China's total import-export volume in 1993. In this sense, the potential for future development is enormous. Both China and Russia have just made a start in establishing joint ventures on each other's territory but the total number of enterprises is small and the investment scale is limited. What is more, most of these enterprises are of small size and deal in the garment industry. For instance, there are only two Sino-Russian joint ventures in Shenzhen Special Economic Zone [SEZ]. Russia has just started investing in China. In contrast to the several thousand Sino-foreign joint ventures in Shanghai, only four Sino-Russian joint ventures are operating in the city. Russian officials feel that the number is "embarrassingly small."

Russia, which is running short of funds and is quite interested in importing funds from China, has proposed methods for economic and trade cooperation, for example, to establish a trade cooperation zone in China's northeastern region and Russia's Far East region, or to establish agricultural cooperation enterprises with fuel and energy resources provided by Russia and manpower provided by China. Russia, with its superiority in technology and heavy industry, has expressed interest in the construction of such large projects as the Three Gorges Project. Thus it can be seen that there is a great potential for China and Russia to upgrade economic and trade relations and expand the scope of cooperation between them.

In late May, Economics Minister Aleksandr Shokhin, and a number of high-ranking economic officials, including the ministers of communications and agriculture, visited China as members of Chernomyrdin's party. Some high-ranking Chinese economic officials, including Li Lanqing, Chinese vice premier in charge of economic affairs and trade, and Guo Shuyan, vice minister of the State Planning Commission in charge of the Three Gorges Project, joined the talks between Li Peng and Chernomyrdin. China and Russia signed seven accords on comprehensive economic and scientific and technological cooperation in agriculture and industry, cooperation in sea transport, and so on. This indicates a new stage in the development of economic cooperation and trade between the two sides.

Fakes and Illegal Immigrants From China

Although progress has been made in the development of friendly and cooperative relations between China and Russia in all areas in recent years, some problems still remain unresolved between Beijing and Moscow, the prominent ones being imports of fake goods from China, border disputes, and the illegal immigrant issue.

As far as Sino-Russian trade is concerned, border trade accounts for a rather large proportion. A very few Chinese speculators and profiteers, obsessed with the desire for gain, have been exporting fake and inferior goods in large quantities. For instance, many fake eider-down jackets imported from China are made of chicken feathers instead of eider down. Goods like these are flooding the Russian market, arousing strong discontent among the Russian public, who have even threatened to hold a "Chinese fake and inferior goods exhibition" in Moscow. The Chinese mass media have exposed such practices from time to time by a very few speculators and profiteers who seek benefits at the expense of others. It has been reported that the Chinese departments concerned recently took action to curb such practices. The Russians on their part have taken such measures as imposing entry restrictions and higher customs tariffs to penalize the very few Chinese speculators and profiteers.

The first quarter of this year registered a substantial 43 percent decrease in trade volume between China and Russia as compared with the same period last year. Analysis shows that this was mainly due to insufficient transport capacity which hampered the smooth implementation of commodity supply contracts.

China has a border of more than 4,000 km with Russia. Most sections of the border have been defined by an Eastern Frontier Accord signed between the two countries in May 1991, only the ownership of several islands in the Wusuli River remaining unresolved. The Sino-Russian border areas have remained tranquil in recent years but a small number of Russian local officials have been trying to reverse the agreement reached on the border issue and they keep making a row. For example, (Viktor Ysayev) [4850 0344 1122 0122 3097 5102 1133], chief executive of Khabarovsk Boli, openly declared that the Sino-Russian Border Eastern Frontier Accord is an "unjust accord and is unfavorable to Russia"; according

to this accord, "a considerable number of islands that had belonged to Russia since ancient times will possibly be turned over to China." This chief executive called for the rescission of the Sino-Russian Border Eastern Frontier Accord.

There Are As Many As 2 Million Chinese Immigrants in Russia

Officials at the Russian foreign ministry felt that Ysayev's remarks were too impertinent. So, soon after that, the ministry issued a statement to point out that "the Sino-Russian Border Eastern Frontier Accord is just and in keeping with the norms of international law."

As far as Sino-Russian relations are concerned, the issue of Chinese illegal immigrants remains unresolved. After the Sino-Russian border was opened to travellers, some Chinese residents in the border areas began to enter Russia to do business, run vegetable farms, or establish plants. Some people have even built houses and settled down. As too many Chinese have swarmed into Russia, problems related to illegal immigrants have naturally arisen. It is said that there are now some 2 million Chinese immigrants in Russia. In some localities, the Chinese immigrants even outnumber local Russian residents and this has worried the Russian authorities. Beijing has been consistently not in favor of illegal emigration by Chinese into Russia and the authorities have taken measures to stop Chinese from illegally emigrating to Russia. In the middle of May, Chinese and Russian consular officials met in Beijing and reached a consensus on the protection of the legitimate rights and interests of their own citizens and legal persons in each other's territory and on common efforts to stop illegal immigration.

Jiang Zemin Will Visit Russia in September in an Effort To Consolidate China's Position

During his visit to China in late 1992, Yeltsin invited Jiang Zemin to visit Russia. Then, when Kozyrev visited Beijing early this year, he delivered a personal letter from Yeltsin to reiterate the invitation. Finally, in late May, Jiang Zemin's Russia trip was scheduled for this coming September, through talks between Chernomyrdin and high-ranking Chinese officials. This will be Jiang Zemin's second visit to Russia following his previous visit to the country in May 1991. But, last time, he paid a visit to the Soviet Union and the host was Gorbachev; and this time, he will be visiting Russia at Yeltsin's invitation after the disintegration of the Soviet Union. Anyway, this summit between these two neighboring powers, to be held at a moment when the Chinese economy is thriving, will certainly become the focus of attention of the whole world, no matter what agreements are reached and what future developments it will lead to.

China has maintained that its relations with the United States and Russia will both be handled from the high plane of world strategy and be geared to the needs of the 21st century. Now that Clinton has announced the decision to extend the most-favored-nation status for China and to unlink human rights from trade, Sino-U.S. relations will be further improved. On the other hand, Sino-Russian economic cooperation has been strengthened through Chernomyrdin's visit to China. Therefore, Sino-U.S. and Sino-Russian relations will hopefully develop along the right track and this will surely be beneficial to China's efforts to upgrade its international position, to step up the four modernizations at home, and to improve its work for the reunification of the mainland and Taiwan.

Northeast Asia

Government Issues Yen-Denominated Bonds in Japan

OW0707014794 Beijing XINHUA in English 0126 GMT 7 Jul 94

[Text] Tokyo, July 6 (XINHUA)—The Chinese Government today issued two yen-denominated bonds totalling 60 billion yen for the first time in Japan to raise more funds for state projects, visiting Chinese Vice Finance Minister Jin Renqing said.

The issue of the two bonds with respective interest rates of 4.40 percent and 4.95 percent came after agreements were signed between the Chinese Finance Ministry and Nomura Securities Co. Ltd. and Daiwa Securities Co. Ltd. jin told a press conference in a downtown Tokyo hotel.

Nomura and Daiwa agreed to be the lead managers to sell the five-year Chinese Government bonds and ten-year ones on the Japanese market, while the Long-Term Credit Bank of Japan will act as the chief commissioned bank for Japanese investors.

So far, the Bank of China and other Chinese financial institutions have issued Samurai Bonds for more than 30 times in Japan. Jin said the issue of the bonds by the Chinese Government solidified the foundation for those financial institutions to be able to raise funds for the long-term in this country.

Inter-Korea Summit's Technical Matters Discussed

OW0707053794 Beijing XINHUA in English 0532 GMT 7 Jul 94

[Text] Seoul, July 7 (XINHUA)—Working-level officials of South Korea and the Democratic People's Republic of Korea (DPRK) met at the truce village of Panmunjom on Thursday [7 July] to discuss matters concerning communication during the first inter-Korean summit to be held in Pyongyang on July 25-27.

Both sides consulted on technical matters related to communication by the South Korean delegation and press corps to and from Seoul as well as live television coverage of the summit.

South Korea proposed at the meeting that all 24 direct phone lines between the two sides be made available and that satellite communication also be possible in case of emergency, official sources here said.

The two sides will meet at Panmunjom again on Friday to discuss security matters of the upcoming summit.

On Saturday, South Korea is to hand over to the DPRK a list of its advance party due to visit Pyongyang on July 13-16 for working- level contacts with DPRK officials. Yun Yo-chun, special aide to the South Korean prime minister, is expected to lead the team.

South Korean President Kim Yong-sam and DPRK President Kim Il-song will meet face to face for the first time since the Korean peninsula was divided in 1945 when Japan was defeated in the Second World War.

The forthcoming summit has been arranged through mediation by former U.S. President Jimmy Carter who visited South Korea and the DPRK from June 13 to 18.

Trade Minister Receives DPRK Foreign Trade Delegation

OW0707104694 Beijing XINHUA in English 0816 GMT 7 Jul 94

[Text] Beijing, July 7 (XINHUA)—Chinese Minister of Foreign Trade and Economic Co-operation Wu Yi and visiting Chairman of the External Economic Commission of the Democratic People's Republic of Korea (DPRK) Yi Song-tae exchanged views on developing bilateral economic and trade relations here this morning.

Wu said that the trade agreement signed in 1992 between the two governments laid a good foundation for bilateral economic and trade co-operation and exchanges.

She added that the bilateral trade volume last year hit a record high of 890 million U.S. dollars, an increase of 29.5 percent over the previous year.

She said that trade between the two sides is complementary, and there are broad prospects for bilateral economic and trade co- operation.

She said she hoped that the two sides would make concerted efforts to enable the economic and trade relations to develop in a healthy manner.

Yi, who is leading a DPRK Government economic delegation, started his China visit on July 5 at the invitation of the Chinese Ministry of Foreign Trade and Economic co-operation.

Sub-Saharan Africa

Qiao Shi Meets With Djibouti President

OW0607174394 Beijing XINHUA in English 1355 GMT 6 Jul 94

[Text] Beijing, July 6 (XINHUA)—Qiao Shi, chairman of China's National People's Congress (NPC) Standing Committee, today called on the international community to pay more attention to African countries.

In a meeting with visiting President Hassan Gouled Aptidon of the Republic of Djibouti, Qiao said China, as a friend of the African people, cares about the development of the situation in Africa.

Qiao said warfare and refugees have had a great impact on African countries, and China holds that dialogues and negotiations should be held so that conflicts can be settled through peaceful means.

"We hope that the international community pays attention to and cares about Africa and offers sincere help to African countries," Qiao said.

Gouled said the situation in Africa is turbulent and there are more problems in the area of the Horn of Africa.

As one of the countries in that area, the president said, Djibouti is working hard to maintain friendly relations with its neighboring countries.

However, he said, the influx of a large number of refugees from countries including Somalia and Yemen has placed Djibouti under great pressure.

Gouled noted that conflicts in Africa should be settled through dialogue. He also believed that African issues result from poverty and underdevelopment, another problem yet to be resolved.

On bilateral relations, Qiao said that Gouled's current visit, his third visit to China after stops in 1979 and 1991, shows that China and Djibouti have close relations.

Qiao expressed satisfaction over the development of such relations since the establishment of diplomatic ties in 1979.

He also appreciated the Djibouti Government's steadfast "one China" policy and ban on official relations with Taiwan.

Qiao noted that the Djibouti Government and people, under the leadership of President Gouled, have overcome many difficulties and made progress in maintaining domestic stability and developing the economy.

Qiao told the guest that China holds that all countries are equal and all have the right to participate in international affairs. He added that China opposes hegemonism and always conducts state-to- state relations on the basis of the five principles of peaceful co- existence.

He said China is willing to strengthen cooperation with Djibouti in various fields on the basis of equality and mutual benefit.

Moreover, Qiao said, economic development is essential for political independence. "We are happy to see that African countries are making great efforts in this regard," he said.

Gouled and his party are scheduled to leave here for Shanghai tomorrow.

CPC Delegation Departs for Mali, Equatorial Guinea

OW0607142994 Beijing XINHUA in English 1338 GMT 6 Jul 94

[Text] Beijing, July 6 (XINHUA)—A delegation of the Communist Party of China (CPC) left here by air this evening for Mali and Equatorial Guinea.

The delegation, led by Huan Guoying, deputy head of the International Liaison Department of the CPC Central Committee, is invited respectively by the African Party for Solidarity and Justice of Mali and the Democratic Party of Equatorial Guinea.

Hu Jintao, Mauritanian Delegation Discuss Ties

OW0607171894 Beijing XINHUA in English 1343 GMT 6 Jul 94

[Text] Beijing, July 6 (XINHUA)—Hu Jintao, a top leader of the Communist Party of China (CPC), met with Boullah Ould Mogueya, general secretary of the Republic, Democratic and Social Party of Mauritania, and his party here this afternoon.

During the meeting, Hu, who is a member of the Standing Committee of the Political Bureau of the CPC Central Committee, said that due to joint efforts, China and Mauritania have maintained good cooperative relations since the two set up diplomatic ties 29 years ago.

Such cooperative relations have been further strengthened in various fields after the visit to China by President Taya last year, he added.

Hu said that China appreciates the Mauritanian Government's long-term efforts in maintaining bilateral friendship and its adherence to the "one China" policy.

The CPC attaches importance to developing friendly relations with Mauritania, Hu said, adding that the current visit by Mogueya will further promote the relations between the two parties, the two countries and the two peoples.

Mogueya spoke highly of Mauritanian-Chinese relations. He said that China has always supported the just struggles of the African and Arab peoples, including the Mauritanian people.

He said that Mauritania and China share the same or similar views on anti-hegemonism, safeguarding world peace and many other major international issues.

The general secretary said that he is glad to see the achievements and progress that China has made, and that Mauritania regards developing its relations with China as very important.

Mogueya asked Hu to pass on greetings from President Taya to Chinese President Jiang Zemin.

Li Shuzheng, head of the International Liaison Department of the CPC Central Committee, was present at the meeting. Li held talks with the Mauritanian visitors on July 5 after they arrived here as guests of CPC.

Trade Exhibition Opens in South Africa

OW0507222194 Beijing XINHUA in English 2126 GMT 5 Jul 94

[Text] Pretoria, July 5 (XINHUA)—China staged a comprehensive trade exhibition at the International Show Grounds in Pretoria, capital of South Africa, today.

The exhibition will last from today to July 10. It is another large-scale comprehensive Chinese trade exhibition held in South Africa, following the one in April 1993 in Johannesburg.

Some 120 foreign trade companies, industrial and trading companies and manufacturers from 20 Chinese provinces, cities and autonomous regions are represented at the exhibition.

Covering an area of 4,000 square meters, the exhibition features a variety of Chinese products including electronics, machinery, chemicals and petrochemicals, automobiles, ship-building technology, metals and minerals, light industrial products, silks, native produce and animal by-products, and arts and crafts.

An Chengxin, vice-chairman of the China Council for the Promotion of International Trade and vice-chairman of the China Chamber of International Commerce, said at the opening ceremony of the exhibition, that this exhibition is to provide a good opportunity for the South African people, particularly those from economic, industrial and trade circles, to gain an insight into the great changes in China and create more favorable conditions for cooperation between the business communities of the two countries.

Gerhard Breyl, acting director-general from the South African Ministry of Trade and Industry, said on the occasion that the exhibition 'can be seen as yet another landmark in the strengthening of relations between the two countries.'

Trade between China and South Africa amounted to 600 million U.S. dollars in 1993.

West Europe

Heads of Chinese, Austrian Chamber of Commerce Meet

OW0407012494 Beijing XINHUA Domestic Service in Chinese 1553 GMT 30 Jun 94

[By reporter (1728 3185)]

[Text] Vienna, 30 Jun (XINHUA)—Zheng Hongye, chairman of the China Council for the Promotion of International Trade [Chamber of International Commerce of China], met with Madetana [name as transliterated], chairman of the Austrian Chamber of Commerce, this morning. They discussed how to further develop bilateral economic relations and trade. Zheng Hongye is accompanying Premier Li Peng on his Austria visit.

Zheng Hongye said: China attaches importance to developing economic cooperation and trade with Austria. The Chinese entrepreneurs delegation accompanying Premier Li Peng, composed of several dozen entrepreneurs, will further promote Chinese-Austrian economic relations and trade. The delegation will take this opportunity to hold comprehensive economic and trade talks with Austrian entrepreneurs.

Madetana said: The Chinese entrepreneurs delegation is the largest Chinese economic delegation to visit Austria. This shows China's sincerity in developing economic relations and trade with Austria. The Austrian Chamber of Commerce will help make its visit successful.

After the meeting, Zheng Hongye and Madetana attended and addressed an economic and trade discussion between nearly 300 Chinese and Austrian entrepreneurs.

Sino-French Cooperation in Power Industry Gearing Up

OW0707065794 Beijing XINHUA in English 0634 GMT 7 Jul 94

[Text] Beijing, July 7 (XINHUA)—Sino-French cooperation in power generating and manufacture of electrical equipment is gearing up as a result of closer bilateral relations.

Executives from 20 big-name French firms, including Electricite de France, and 100 Chinese corporate professionals, gathered for a seminar in Beijing yesterday.

French know-how and Chinese expectations for a rapid development of the power industry were discussed.

The seminar, to be continued in Shanghai next week, is jointly sponsored by China's Ministry of Power Industry and the China Electricity Council International.

The recent China visit by French Minister of Industry, Posts, Telecommunications and Foreign Trade, Gerard Longuet, was signaling for warmer relations between China and France.

The visit followed a visit to France by Chinese Minister of Power Industry, Shi Dazhen, earlier in the year.

The French participants at the seminar said that China, a huge market for power companies and electrical manufacturers worldwide, is being targeted by French power companies.

French electrical equipment makers, who provided technology, equipment and services to more than 15 big Chinese projects, expect to manufacture equipment in China, said Antoine de Fleurieu, a manager of the French Electrical Equipment and Industrial Electronics Manufactures' Association.

China, which had installed 183 million kilowatts of generators by last year, needs to fix an additional 120 million kilowatts of machines by the year 2000.

In addition, power transmission system in the country also need to be renovated and linked to a national network. Increasing numbers of high-voltage lines and automatic distributions systems are to be installed.

All this makes China the largest market for electricity and electrical equipment in the world.

Li Peng Interviewed by German TV Reporter

OW0707051194 Beijing XINHUA Domestic Service in Chinese 0521 GMT 6 Jul 94

[By XINHUA reporter Hu Xudong (5170 2485 2639) and RENMIN RIBAO reporter Liu Huaxin (0491 5478 2450)]

[Text] Bonn, 6 Jul (XINHUA)—Chinese State Council Premier Li Peng granted an interview to Klaus-Peter Siegloch, a reporter of the second German television station, at dusk yesterday in the state guesthouse where he is staying. He answered the reporter's questions on wide-ranging issues.

[Siegloch] Mr. Premier, how are your talks here going? Are they as you expected?

[Li Peng] I held talks with Chancellor Kohl, and met with President Herzog and some leaders and ministers of the ruling party, and Chairman Scharping of the Social Democratic Party. The talks proceeded very well. Both sides reached a consensus on a number of viewpoints; of course, there were also many differences in our views. The meetings and talks were fruitful.

[Siegloch] China's economic growth rate seems to be faster than Germany's by about 10 times. In your opinion, is participation by German enterprises in China adequate?

[Li Peng] It should be said that there is already quite a lot of participation, though a tremendous potential still exists.

A very important condition for fully tapping the potential is that Germany accepts more Chinese commodities. Judging from China's economic development prospects, we estimate accumulative imports to amount to $1 trillion in the next seven years, namely, from 1994 until the end of the century. Germany can strive to capture a relatively big share of this amount. There are very broad prospects for both sides to cooperate on the basis of equality and mutual benefit.

[Siegloch] However, Mr. Premier, how far is China's market open to German commodities? So far, Germany imports more commodities from China than its exports.

[Li Peng] I believe it is quite the contrary. China suffers a deficit in its trade with Germany. Your belief that Germany suffers a deficit was the result of unreasonable trade statistics.

[Siegloch] During talks, did the Federal Government promise to strive to lift restrictions imposed by the European Union on Chinese commodities?

[Li Peng] I mentioned the issue in my talks with Chancellor Kohl and the finance minister. Germany adopts a positive attitude toward lifting restrictions on Chinese commodities. I think it is a sensible attitude. It is beneficial to both sides—not only for China's interests but also for Germany—because only when Germany imports more Chinese products will China have the necessary foreign exchange to buy more German products.

[Siegloch] Today, when you addressed German business circles, you said China will buy more German products if their prices are right. Do you expect the German Government to offer loans?

[Li Peng] The quality of German commodities is not bad, but their prices are too high. How to enhance the competitiveness of German products is a matter that ought to be taken into consideration by the Federal Government and German enterprises. I think a solution can be found so long as you make joint efforts. China does have a very huge market and, meanwhile, competition on the Chinese market is very fierce. Many developed countries in the world are contesting for greater access to the Chinese market. We would like to see Germany score better success in the competition than other countries.

[Siegloch] How do you assess the chances of Germany's participation in the construction of a high-speed railway in China? Chancellor Kohl specifically mentioned the project.

[Li Peng] What you are referring to is probably the Beijing-Shanghai high-speed railway. The project is still under discussion and no final decision has been made yet. If we want to proceed with the construction project in the future, we welcome German enterprises to take part in the tender.

Now, I would like to recommend another project, namely, China's Three Gorges Project. We shall invite tenders worldwide for the construction project, on which we have decided to proceed. German enterprises are welcome to participate in the tender.

[Siegloch] Five years ago, China used the military to put an end to demonstrations in Tiananmen Square. Today, how do you appraise the incident?

[Li Peng] History has already drawn a conclusion on the incident. At that time, our country was in chaos. We had no choice but to take such measures; we were forced to. We were unwilling to take such measures. However, if we had not taken such decisive measures at the time, the country would have been plunged into great chaos, and our situation might have been worse and more miserable than in some European countries today. Now, China enjoys political stability, economic development, social progress, and national unity, and has improved the people's living standards. All this proves that the measures taken at that time were necessary, though they were taken against our will. Many important historical incidents shall be given a fair judgment by history. I think, as time passes, there will be more and more people in the world who will say the measures taken by the Chinese Government at that time were necessary.

[Siegloch] To date, Western human rights organizations still assert that China is detaining several political prisoners and will bring them to trial. Does China believe that different human rights exist in Asia and the West? Do the individual human rights stipulated by the United Nations Charter apply to you?

[Li Peng] Political prisoners do not exist in China. China is a country ruled by laws and regulations. It has its own constitution and various laws. Only when people violate the criminal law can public security and judicial departments arrest and try them in accordance with the law. The administration of justice is independent in China.

Indeed, China differs from the West in our viewpoint on human rights. Not only China but all developing countries which make up 80 percent of the world's population, do not necessarily agree with the West's viewpoint on human rights. However, we are still willing to have a dialogue on the issue with the West on an equal footing and under the preconditions of mutual respect and seeking common ground while reserving differences. We are opposed to the practice of using human rights as a "weapon" to interfere in the internal affairs of other countries. The different viewpoint on human rights between the West and China, and between the West and the vast numbers of developing countries result from differences in historical background, cultural traditions, the concept of value, and the level of economic development.

In 1993, the Human Rights General Assembly held in Vienna issued a Vienna Declaration. The declaration recognizes not only political rights as human rights but, so far as developing countries are concerned, the right to develop and live as the basic incarnation of human rights. Meanwhile, it stresses that to protect the weak such as women, children, and the disabled, means safeguarding human rights, too. Thus it can be seen the meaning of human rights is very broad.

Due to different social and economic conditions, the people in the West find it hard to understand why developing countries attach so much importance to the right to develop and live. China has to use 7 percent of the world's cultivated land to feed 22 percent of the world's population. It is an arduous task for the Chinese Government. Your finance minister just told me that since the unification of Germany, the government invests over 100 billion marks annually in the eastern part of the country to support its economic recovery.

Each year, China has a net population growth of over 15 million, which equals the whole population of the eastern part of Germany before unification. The Chinese Government must provide food, housing, and education and job opportunities for them. This is sufficient to prove that, so far as developing countries are concerned, the right to live and develop is a very important human right.

[Siegloch] Germany already expressed its wish to become a permanent member of the UN Security Council. What is China's attitude on the matter?

[Li Peng] China attaches great importance to the role played by Germany in international affairs and hopes the country will play an even greater role in safeguarding peace and promoting development. Regarding the issue of expanding the UN Security Council, we attach importance to and understand Germany's aspirations.

At the end of the interview, Premier Li Peng said: "On behalf of the Chinese Government and Chinese people, I would like to extend cordial greetings to the German Government and German people on your television station. I sincerely hope friendship and cooperation between the two countries will develop continuously, so as to benefit their peoples."

Li Peng Defends 1989 Tiananmen Square Crackdown

HK0607130394 Hong Kong Television Broadcasts Limited in English 1200 GMT 6 Jul 94

[From the "News at 8:00"]

[Text] Chinese Premier Li Peng says the only alternative to the 1989 crackdown on the pro-democracy movement was nationwide chaos. This comment came in a television interview as he continued his tour of Germany. The Chinese human rights record also came up when Li met German Foreign Minister Klaus Kinkel. Li was told progress on human rights will lead to greater cooperation in other areas. Business has been the main focus of his visit, with several lucrative contracts being signed.

Li Peng Meets German Finance Minister at State Guesthouse

OW0707043594 Beijing XINHUA Domestic Service in Chinese 0133 GMT 6 Jul 94

[By reporters Hu Xudong (5170 2485 2639) and Yuan Rongsheng (5913 2837 3932)]

[Text] Bonn, 5 Jul (XINHUA)—This afternoon Li Peng, premier of China's State Council currently on a visit here, met Theo Waigel, German finance minister and chairman of the Christian Social Union [CSU], at the state guesthouse where he was staying.

Premier Li Peng expressed his pleasure at meeting Chairman Waigel. He said: The late Mr. Strauss, former CSU chairman, was one of the German statesmen who fostered Sino-German relations in the early days, and he made active efforts to promote the development of such relations. The Chinese people will not forget his important contributions to promoting bilateral relations.

Li Peng said: Bavaria State enjoys rapid economic development, and its standing in the German national economy has risen. He said he would go there to take a look.

At Waigel's request, Li Peng also gave a briefing on China's current economic situation.

Waigel said he was very honored to meet Premier Li Peng and was particularly glad to learn of the latter's plans to visit Bavaria State. He wished Premier Li's visit success.

Waigel said: The CSU is gratified with the development of Sino- German relations, to which it will devote major efforts.

Present at the meeting were Vice Premier Li Lanqing; Wang Zhongyu, minister in charge of the State Economic and Trade Commission; Vice Foreign Minister Jiang Enzhu; Chinese Ambassador to Germany Mei Zhaorong; and Shi Guangsheng, vice minister of foreign trade and economic cooperation. Among the German officials present at the meeting was Post and Telecommunications Minister Wolfgang Boetsch.

Li Peng Addresses German Business Circles

OW0707085294 Beijing XINHUA Domestic Service in Chinese 1443 GMT 5 Jul 94

["Full text" of speech by Premier Li Peng to meeting of German economic organizations sponsored by the Asia-Pacific Economic Committee in Bonn on 5 July]

[Text] Bonn, 5 Jul (XINHUA)—Mr. Chairman, ladies, and gentlemen:

I am very glad to be able to meet friends within Germany's business circles. We greatly appreciate the positive efforts and important contributions which the conference of German businessmen and industrialists has made in promoting Sino-German economic cooperation and the development of our two countries' relations in all fields. I would like to use this opportunity today to give you a brief account of China's domestic situation, especially the economic situation, as well as my views on developing Sino-German relations. I hope it will help our German friends to have a better understanding of China.

Everybody knows that since 1979 China has entered a new period of historical development marked by reform, opening up, and modernization. Guided by the theory of building socialism with Chinese characteristics—a theory developed by Comrade Deng Xiaoping, the chief architect of China's reform and opening up plan—enormous changes have taken place in China over the past 15 years. As result of the reform programs carried out over the past decade or so, a pattern has taken shape characterized by the common development of all kinds of economic components with public ownership as the mainstay. The restructuring of the economic system in rural areas has been deepened, state-owned enterprises are replacing their operating mechanisms, the market is playing an increasingly important role in the distribution of resources, the planned economic system is undergoing a gradual transition toward a socialist market economic system—the market now determines the prices of approximately 90 percent of commodities. Reform and opening up have significantly aroused the initiative of Chinese people at all levels, liberated and developed society's productive forces, and pushed China into the stage of rapid development. Calculated on the basis of constant prices, China's gross domestic product [GDP] increased 278 percent during the 15-year period from 1979 to 1993, or 9.3 percent annually on the average, giving China one of the fastest economic growth rates in the world today. As a result of that rapid economic growth, the living standards of Chinese people in cities and rural areas have improved noticeably. During the same period, the income of urban dwellers increased 6.3 percent annually on the average; and the income of people living in rural areas increased even more rapidly, reaching 8.5 percent annually on the average. As result of the opening up policy, a pattern characterized by opening in all directions and through all channels in all strata has taken shape in inner China as well as the coastal regions. China has established special economic zones, open economic zones, high and new-tech development zones, and open cities; foreign investors now enjoy preferential policies and a fairly favorable investment environment. Foreign trade and foreign investment in China have both registered substantial growth. In 1993, China's total imports and exports approached $200 billion, ranking 11th in the world; and foreign investment exceeded $60 billion. Today, reform in China continues to deepen, and we are opening wider to the outside world and maintaining the good momentum of our rapid economic growth. Meanwhile, China attaches great importance to building a democratic legal system and to spiritual construction. Today's China is a country enjoying high economic growth, political stability, the solidarity of people of all nationalities, and social progress. People in China are full of confidence in the development of their country.

Ladies and gentlemen:

China is the most populous country in the world, and its economic and technological foundation remains quite weak. While China's economic development has been quite significant since the founding of new China more than 40 years ago, and especially since the country embarked on reform and opening 15 years ago, in terms of per capita GDP, however, its level of economic development remains low and it is still a developing country. As far as China is concerned, it is not an easy task to ensure the basic necessities for subsistence—such as food, clothing and housing—for nearly 1.2 billion people. In addition, the Chinese population is growing by as many as 15 million each year. To catch up with the economic and living standards of intermediately developed countries in the world, China must make greater efforts and work hard for several decades more. Furthermore, the task of establishing a socialist market economic system and organically merging a socialist system with the market economy is an unprecedented pioneering project. To proceed with such a profound change, and to address the many extremely complex economic and social problems, are extremely formidable tasks. Nevertheless, there is no ground for exaggerating the problems which China encounters during the course of development, nor for disseminating pessimistic views toward China's future. The work we have done over the last 15 years fully proves that reform and opening up are the path China must follow in order to achieve modernization. China's political situation is stable, the leadership collective with President Jiang Zemin as the core is a strong one, and it has had the support of people throughout the country. China will firmly implement its general and specific policies, which it has effectively carried out in the past decade or so, and will surmount all obstacles in its endeavor to achieve the grand objective, namely modernization.

Ladies and gentlemen:

During the course of achieving modernization, the Chinese Government has paid great attention to correctly handling the relationship between reform, development, and stability. The economy is the center of all our operations; reform and opening up are the power pushing our development; development and reform serve as the foundation of social stability and our country's long-lasting peace and stability; and maintaining social stability is indispensable for economic development and successful reform. This has been proven by the experiences which China has gained in reform, opening up, and modernization over the last decade or so. The histories of other countries also prove that development is impossible if there is no stable social environment.

Stability in China is not only essential for China itself and in the fundamental interests of the Chinese people, but it is also in the fundamental interests of people throughout the world and contributes to world peace and stability. If China, a big country with nearly 1.2 billion people, is beset by chaos, not only will it be a misfortune of the Chinese people, but also will be an immense scourge to the whole world.

Ladies and gentlemen:

China's reform and opening up require a peaceful and stable international environment, as well as cooperation and exchange with other countries in the world. China and Western Europe share identical and similar views in international affairs, and we are also quite complementary economically. Germany, an important country in Europe and even in the world, has always been known to the world for its highly developed economy, science, and technology, and it is playing an increasingly important role in the international arena. As always, China is willing to develop long-term and stable friendly and cooperative ties with Germany. Accompanying me this time are more than 30 leaders of enterprises of great strength, including industrialists from the steel, automobile, electricity, electronics, petrochemicals, and other industries, as well as representatives of export-import businesses. Most of these entrepreneurs have maintained long-term cooperative relations with German business circles. Their arrival here not only indicates China's willingness to expand Sino-German economic cooperation and trade, but also China's sincere hope that our cooperation will achieve results. Now I would like to outline four principles China will follow in developing ties with Germany.

1. We should have our eyes on the future and develop a long-term friendship. Although China and Germany are far apart in Asia and Europe, our two peoples' friendship is longstanding and well established. Our two countries are both in an important period of historical development. In developing our two countries' cooperation, not only should we see the immediate future, but also the long-term future in the 21st century. Developing long-term stable friendship and cooperation between China and Germany is not only in the fundamental interests of our two people, it is also in the interests of world peace and stability.

2. We should respect and trust one another. While the social systems of our two countries are different and our cultural traditions, concept of values, and paths of development also differ, these differences have not, and should not, obstruct our two countries' friendship and cooperation. China has never used ideologies or social systems to draw lines in handling interstate relations. China respects the paths of development which peoples of all countries choose on their own, and we have never interfered in other countries' internal affairs. China always supported Germany's national reunification, and we also appreciate the "one China" policy which German upholds. On the basis of respecting one another, we are willing to have closer contacts with Germany so that we can trust one another even more during cooperation and so that our friendship can be even stronger.

3. We should continue to develop our economic ties on the basis of equality and reciprocity. Since Germany is China's largest trade partner in Europe, and China is also an important trade partner for Germany in Asia, the prospects for our two countries' trade relations are very broad. China and Germany can also do a lot of things in the scientific, technological, banking, informational and economic spheres. Our cooperation, of course, should be based on the principle of equality and reciprocity, because only by doing this can we promote all-round development of bilateral economic relations, upgrade cooperation, and benefit our two peoples.

4. We should strengthen consultation and broaden the spheres of our cooperation. China and Germany are both countries with significant influence. China's development is an important factor for world peace and stability. We wish to see Germany play a greater part in international affairs, and strengthen consultations and cooperation with Germany in international affairs and in international organizations so that we can contribute our share in safeguarding world peace and stability and promote the common development of mankind.

Sino-German economic cooperation is the most important part in our two countries' friendship and cooperation, and it plays an important role in China's overall scheme of opening up to the outside world. We are glad to see that the development of our two countries' economic and trade relations has reached an unprecedented scale and has entered the period of virtuous development in recent years. The volume of Sino-German trade is growing rapidly, exceeding $10 billion in 1993. The number of German-invested enterprises in China has exceeded 570, and the number is still growing. Our two countries' cooperation in the field of science, technology, and education—especially in vocational education—as well as in the financial and banking sectors has also been fruitful. However, I would like to point out candidly that German products still enjoy only a small share of China's markets, and German investment in China is way behind that of other countries. This is apparently incompatible with our two countries' economic strength and roles, and it also shows that there is still a great deal of potential for our two countries to broaden our cooperation.

There are many conditions which favor the development of Sino-German economic relations. Since our two economies are at different stages of development, we are strongly complementary to one another. While China attaches importance to growth in our economic development, China also attaches great importance to improving economic efficiency and readjusting its industrial structure. China will from now on give priority to developing its infrastructure and basic industries—such as agriculture, communications, telecommunications, energy, major raw and semi-finished materials—and these are

areas of German strength. We are also willing to strengthen the cooperation between our two countries' medium and small enterprises. Cooperation of this nature, which requires small investment but yields fast results, is a sphere with a promising future. China and Germany enjoy a good political relationship, and China always attaches importance to Germany's role in the world economy. The development of Sino-German economic cooperation is also in line with Chancellor Kohl's new Asian policy. China's economy is now developing in a sustained, rapid, and healthy manner, with average annual growth likely to range from 8 to 9 percent from now to the end of this century. If the growth of our foreign trade continues to be slightly higher than economic growth, the total volume of China's foreign trade will reach $400 billion by the year 2002. This is to say that during the seven-year period from now to the end of this century, China's total imports will reach $1 trillion. This will provide more opportunity for the development of Sino-German economic relations. I hope the German Government will ease or remove its unilateral restrictions on the transfer of technology to China and will support the reinstatement of China's role as a GATT signatory as soon as possible so that conditions favorable for the development of Sino-German economic relations and trade can be created. We also hope business circles in Germany will continue to broaden their investment in China and make German products more competitive. Let us make concerted efforts to upgrade Sino-German economic relations to a new level.

Ladies and gentlemen:

Over the last two decades or so since the establishment of diplomatic ties between the People's Republic of China and the Federal Republic of Germany, significant changes have taken place in our respective countries as well as in the world. The development of long-term and stable relations between China, a country embarking on reform and opening up, and an economically developed Germany accords the fundamental interests of our two countries and is conducive to world peace and stability. I believe that, as long as we join hands and cooperate with a strategic eye on the 21st century, we certainly can bring about even more favorable prospects for Sino-German relations.

Thank you.

Germany To Give 10 Million Marks To Help Protect Pandas

OW0407062994 Beijing XINHUA in English 0544 GMT 4 Jul 94

[Text] Bonn, July 3(XINHUA)—The German Government is planning to give ten million marks in aid to China to protect the pandas there, according to a report published today.

German experts intend to use the aid to set up a nature protection area in Wuolong, Sichuan. A congressman and animal protection expert said, "this is the last chance to save the pandas."

Under this project the existing habitat of the pandas will be protected, a feeding station will be built, and someone will be responsible for the care of the pandas, he said. German Minister of Economic Cooperation Carl-Dieter Spranger expressed his support for the project. He said the project would "help to protect species and the natural environment."

Financial Delegation Concludes Visit to Malta

OW0707043694 Beijing XINHUA Domestic Service in Chinese 1536 GMT 5 Jul 94

[Text] Rome, 5 Jul (XINHUA)—According to information from Valletta, Maltese Deputy Prime Minister and Foreign Minister Guido De Marco met with visiting Chinese Vice Minister of Finance Liu Jibin and a delegation led by him. They had a cordial and friendly conversation.

De Marco said that he had just accompanied Prime Minister Fenech Adami on a visit to China and that the visit had been very successful. He saw for himself China's rapidly developing economy, especially the tremendous achievements made in developing the Shenzhen Special Economic Zone. He also said: China is a big country, and world trade cannot do without it. Malta supports restoring China's signatory status in the General Agreement on Tariffs and Trade. He hoped that there will be a bigger development Sino-Maltese economic and trade relations.

Liu Jibin arrived in Valletta on 1 July at the invitation of Maltese Finance Minister John Dalli. During the visit, he held talks with Finance Minister Dalli, President of Malta's Central Bank (Wa-sa-luo), and other Maltese officials. They exchanged experiences in reforming the financial, tax, and banking systems.

The Chinese Government financial delegation left Malta for home this afternoon after winding up its visit to the country.

Netherlands Bank Offers Full Range of Services in Shanghai

HK0307073194 Beijing ZHONGGUO XINWEN SHE in English 0459 GMT 2 Jul 94

[Text] Shanghai, July 2 (CNS)—The ABN AMRO Bank of Netherlands announced that its branch in Shanghai was now open. It is the first foreign bank which has provided all-round services in China. Based in Shanghai, the Bank will expand its business and establish a network across the country.

It is also the first foreign bank which has returned to the Bund, a financial centre with many foreign banks in the old days. Its office is located in the Peace Hotel.

"Apart from the Shanghai branch," said a Bank director, the chief official of the international department at the opening ceremony, "our network also includes a branch in Beijing and another in Guangzhou, which would be soon open. We are able to provide advanced banking technology and professional knowledge for the fast developing financial market in China.

"As the Chinese market is expected to open further, our bank plans to set up more branches in other commercial and financial centres in China."

The Shanghai branch evolved from the Bank's representative office set up in 1991. It was formally turned into a bank last December. It acted as a sponsor and was responsible for the arrangement of three large loans provided by international financial groups. They included a loan of US$50 million for Waigao-qiao power plant in Pudong and another loan of US$36 million for the West Pacific Petro-chemical Corporation in Dalian.

The ABN AMRO Bank Shanghai branch provides a number of services, including foreign currency exchange, company accounts, fund-raising for trade, loans, savings deposits, payment made abroad, etc. Its securities division is planning to expand the business of the capital market in China and help Chinese enterprises to be listed in stock exchange both at home and abroad.

The ABN AMRO Bank is the seventh largest bank in Europe and ranks 17th in the world in terms of total capital amount and assets.

Ding Guangen Receives Portuguese Communist Delegation

OW0607122294 Beijing XINHUA in English 1158 GMT 6 Jul 94

[Text] Beijing, July 6 (XINHUA)—Ding Guangen, a member of the Political Bureau and the Secretariat of the Central Committee of the Chinese Communist Party (CPC), met here today with a cadres' delegation from the Communist Party of Portugal.

The delegation, headed by Carlos Figueira, member of the Central Political Committee of the party, arrived here at the invitation of the International Liaison Department of the CPC Central Committee.

During the meeting Ding expressed appreciation of the efforts made by the Communist Party of Portugal over the years to promote the friendly relations between the two parties, two countries and their people.

Jiangsu To Import Swedish Telephone Exchange Equipment

OW0507111094 Beijing XINHUA in English 1017 GMT 5 Jul 94

[Text] Nanjing, July 5 (XINHUA)—China's Jiangsu Province will import 115 million U.S. dollar worth of telephone exchange equipment from Sweden by using an interest-free loan from the Swedish Government and a discount loan from Swedish financial institutions.

According to an agreement signed here yesterday, the equipment will include AXE-10 program controlled telephone exchanges with a total capacity of one million lines, which will be installed in 23 cities in the province, including Nanjing, Xuzhou, Liangyungang, Huaiyang, Yancheng, Tongzhou, Danyang and Taizhou.

This is the large loan project ever signed by the province. Earlier, the province has used a total of 263 million U.S. dollars of foreign investment to develop telecommunications facilities.

Liaoning To Buy Swedish Telephone Exchanges

OW0607083394 Beijing XINHUA in English 0757 GMT 6 Jul 94

[Text] Shenyang, July 6 (XINHUA)—Liaoning Province in northeast China has signed a contract with the Ericsson Company of Sweden to introduce automatic-controlled telephone exchanges with a total of one million lines.

According to Meng Guangye, director of the Liaoning Provincial Administration of Posts and Telecommunications, Liaoning will use a Swedish Government discount loan of 115 million U.S. dollars for the purchase.

He said that the exchanges will update the telephone equipment in nine cities and 10 counties.

Since 1985 Liaoning has introduced four batches of telecommunications equipment with 1.7 million line AXE-10 automatic-controlled telephone exchanges from the Ericsson Company.

Already, 630,000 lines have been put into operation.

He said that the Ericsson company's telephone facilities have greatly changed the backward conditions of Liaoning's telecommunications and the co-operation between Liaoning and Ericsson has contributed to the economic development of the province.

East Europe

Romanian President Hails Li Peng's Upcoming Visit

OW0407141694 Beijing XINHUA in English 1353 GMT 4 Jul 94

[Text] Bucharest, July 4 (XINHUA)—The forthcoming visit to romania by Chinese Premier Li Peng will undoubtedly become a milestone in the relations between the two countries, Romanian Prime Minister Nicolae Vacaroiu said here today.

In an exclusive interview with Chinese reporters, Vacaroiu said that the visit would be effective in promoting the traditional relations of friendship and cooperation

between Romania and China and the growth of bilateral trade and economic ties as well as technical and investment exchange.

The political ties and relations in other fields between the two countries are developing, he said, adding that these relations have withstood difficult moments over the past years.

New constructive and effective ways should be found to expand and diversify economic and trade exchange and make it commensurate with the close political ties between the two countries, he went on.

China's great economic potential and huge markets are extremely attractive to Romania, which has embarked on the road of reform, Vacaroiu said. He expressed the hope that his country's economic potential and markets would attract more interest from Chinese investors.

The prime minister said that his government would concentrate on further economic reform this year, now that the national currency has been stabilized after a substantial fall in inflation in the first quarter of this year.

He said the government will soon begin to establish open inter- bank foreign exchange markets and securities exchange markets, and that this year alone some 3,000 state-owned enterprises will adopt the share-holding system.

Following last year's successful halt to the sustained economic decline, romania's economy is expected to pick up this year, Vacaroiu told the Chinese reporters.

The prime minister went on to say that Romania's foreign diplomacy was aimed at supporting the country's reforms and transition to a market economy and safeguarding its status as a factor for regional stability.

Romania will continue to strive to join the political, strategic and economic structure of Western Europe and the Atlantic region, and to develop and expand its relations with its neighbors, he said.

Romania will also strive to strengthen its cooperation with nations that enjoy traditional friendship with romania, of which China is one of the most important, the prime minister said.

Vacaroiu expressed concern over European security and problems in the Balkans. He pointed out that the tension, conflicts and ethnic problems in the region had intensified instead of disappearing.

Some external factors and forces are competing in the Balkans to make the former Yugoslavia a battle-field, and this has made the situation in Bosnia and other parts of the former Yugoslavia more dangerous, he noted.

He said that Romania would continue to participate actively in the efforts being made by the international community to find a political solution to the crisis in the former Yugoslavia.

Vacaroiu praised some multilateral cooperation organizations in the Black Sea region for helping to promote regional stability and trust between the nations in the area.

Chinese Premier Li Peng will arrive here on July 9 for a four-day official visit to Romania, the last leg of his three-nation European trip which has taken him to Austria and Germany.

Urges Developing Ties

OW0507021794 Beijing XINHUA in English 0152 GMT 5 Jul 94

[Text] Bucharest, July 4, (XINHUA)—Romania will further develop its political and economic relations with China, Romanian President Ion Iliescu said here today.

Iliescu made the remarks at a press conference at the Presidential Palace today.

The president said all countries in the world, especially big ones, should pay great attention to their relations with China, which has had the fastest-growing economy in recent years.

Russian-Romanian [as received] relations should be normalized and their sagged economic ties recovered, Iliescu said, adding the relationship between the two countries should not be swayed by emotions and the principle behind it is realism.

According to the president, the decline of industrial and agricultural production has stopped, money stabilized, inflation dropped, exports increased, the foreign trade deficit decreased and a certain amount of foreign reserves has been established.

He said Romania's international image has had no big changes. He asked all powers in the country to put national interest in the first place.

The Romanian president emphasized that corruption rinsing should start within the ruling party.

Political & Social

Zhu Rongji Says Enterprise Losses Due to 'Poor' Management

HK0707070594 Hong Kong SOUTH CHINA MORNING POST in English 7 Jul 94 p 11

[By Zhang Yuan]

[Text] Poor business management, not lack of funds, is to blame for heavy losses suffered by state enterprises, according to Executive Vice-Premier Zhu Rongji.

The remarks by Mr Zhu, who is also the Governor of the central bank, were in direct contrast to claims by regional officials that their enterprises had difficulty in functioning properly due to the anti-inflation policies imposed by him.

A high growth rate but low efficiency of state industries is reported to be a main theme of a crucial plenum of the Communist Party to be convened this autumn in Beijing.

But apparently due to resistance from the regions, Mr Zhu hinted that enterprise reform would only be formally put on the agenda next year.

In a recent talk, he flatly rejected the claims by the regional officials and made clear that factory directors and managers of state enterprises could not deny responsibility for poor business performance, and blame it on his policies.

The policies introduced by Mr Zhu last autumn restrict bank loans on capital projects such as the building of hotels, real estate and factories.

Rather than wasting money on building houses and importing foreign luxuries, regions were told to concentrate their cash on productive ventures and infrastructure projects, such as power generation and transport.

"The reasons behind the difficulties of state enterprises are very complex (and) the shortage of funds is one of them but not the main one," Mr Zhu reportedly said.

Although he admitted that market demand had plummeted under his retrenchment policies, the Vice-Premier said factory managers only had themselves to blame for failing to capitalise on the mass rural markets and losing out in their competition with foreign and rural township businesses.

He criticised those factory managers who continued to turn out inferior products regardless of market feedback.

He said while some managers lacked knowledge of the rapidly changing markets, some were so poorly trained they could not even read production logbooks and make proper market analyses.

But the worst managers were those who paid little attention to how to expand their businesses and wasted all their bank credits on handsome bonuses to workers and expanding staff quarters.

Mr Zhu hinted many incompetent managers could be in the firing line when the enterprise reform programme was formally launched next year.

He said to improve management, the enterprises had to be separated from the state, and then the top priority was to hire good managers.

Although China has continued to report an industrial growth rate in excess of 20 percent for the first half of this year, many enterprises have had difficulty paying wages.

Daughter Says Deng's Health 'Very Good'

OW0707052194 Tokyo KYODO in English 0508 GMT 7 Jul 94

[Text] Beijing, July 7 KYODO—China's 89-year-old paramount leader, Deng Xiaoping, is in Beijing and in "very good" health, his daughter Deng Nan said Thursday [7 July].

She was speaking at a roundtable donors meeting of China's Agenda 21, an environmental plan for China's development into the next century.

"He has continuously attached a great deal of importance to (environmental protection)," she said of her father.

The nation's leader, who exerts considerable influence over China's government, has been rumored to be resting at a spa near Qingdao city, Shandong Province, and has not been seen in public since an appearance on national television in early January.

The younger Deng, who is vice chairwoman of the State Science and Technology Commission, said China's Agenda 21 was approved by the central government and that it is to become an important policy paper.

She admitted that there was a contradiction between her father's policy of "fast economic development" and environmental protection, but said "without economic development we will not have the capability to administer the environment."

"At the same time, if we don't pay attention to the environmental problems, economic development will become hugely restricted, so they must both be developed at the same pace," she said.

Article Cites Deng on Need To Maintain Growth

HK0707063894 Hong Kong CHING PAO in Chinese No 7, 5 Jul 94 pp 34-36

[Article by Ruan Chiang-ping (7086 3068 1627): "Deng Xiaoping Criticizes Practice of Restraining Economic Development"]

[Text] **Economists Are Worried About Excessive Administrative Macrocontrol and Regulation**

Since the beginning of this year, for the sake of stability, the high-level CPC leadership has introduced a policy of stabilizing the economy and retrenching the money market. But some economists in Beijing are worried that to control inflation, the top CPC leadership will introduce excessive planning and administrative macrocontrol and regulatory measures. If this continues for long, inflation will not be controlled and supply will fall short of demand. In this case, more serious consequences will arise. According to analyses by these economists, the central government's decision to abolish steel, coal, and food futures markets; stop property rights transactions; control investments in fixed assets; monopolize management over basic industries; and its macrocontrol and regulatory measures, which have all been introduced this year, do not conform with the basic spirit of the "Resolution on Several Questions Concerning the Establishment of the Socialist Market Economic Structure" adopted by the Third Plenary Session of the 14th CPC Central Committee. These measures and decisions have produced a greater negative impact than the financial, monetary, foreign trade, and investment reform programs introduced this year.

The Party's Newspaper Put Forward a New Concept of "Understanding and Communications"

In politics, the CPC has set high demands on party and government cadres, urging them to practice self-control and a clean administration, abide by the law, restrain from seeking personal gain, put the people's interests above everything else, and observe the "three great styles" (criticism and self-criticism, forming close links with the masses, and combining theory with practice). But there is no standardized method to ensure the fulfillment of these demands. When the masses criticize or supervise cadres according to these demands, the CPC frequently has reservations.

A politically stable modernized society must have the following two basic conditions to preserve social fairness and justice: Law and public opinion. If the masses do not have the right to criticize officials or to openly and freely express their opinions, social fairness and justice cannot be ensured, nor can political stability be maintained. But these two basic conditions are controlled by the CPC, not by the masses. When promising to grant rights to the masses, the CPC generally rescinds these rights under all sorts of pretexts and excuses. This is the biggest shortcoming of the CPC's traditional political structure.

In the CPC's political concept, "the Communist Party represents the people" and this is a "heavenly principle." But there are contradictions between the party and the people. Not long ago the CPC published in its organ, RENMIN RIBAO, an article on properly handling contradictions among the people. It put forward a new concept of "understanding and communications" between the party and the people, between central and local authorities, and between different profit [li yi 0448 4135] organizations. Apparently, this is a positive indication of correctly handling official-civilian relations. The precondition for "understanding and communications" is recognizing non-CPC organizations' rights and interests, instead of using the "heavenly principle" of "the Communist Party representing the people" to deprive them of their political rights. We should admit that there have been different degrees of progress in the mainland economy over the last 10-odd years of reform. The masses' increasing demand for political rights to protect their economic interests, their indignation and opposition to official corruption, their dissatisfaction with government control over public opinion, and their condemnation of officials' incompetence portray their political desire for "understanding and communications." The masses are opposed to riots because when a riot breaks out, the masses themselves are the first to suffer. But if the price for "political stability" is the masses' loss of political rights and infringement of their economic benefits, they are also dissatisfied with this kind of "stability." We should understand that under the existing political structure of the CPC, the political contradictions facing the CPC may further change or deteriorate in and outside this political structure. Inside this structure, the contradictions between veteran and new politicians are being gradually reduced. Deng Xiaoping and Chen Yun are too old to handle state affairs. After his southern tour, Deng Xiaoping finally secured his political position and political ideas. He is content with this but cannot decide anymore about who will implement his line and thought or how his line and thought will be implemented, despite his assertion that "he wanted to take care of major state and party affairs."

Deng Xiaoping Is Concerned About Slow Economic Growth

An informed source disclosed that Deng Xiaoping recently expressed concern over the slowing economic growth rate, and sent some people to find out about the situation. He expressed dissatisfaction with a recent decline in economic development. He pointed out: Meticulous calculations should be carried out in economic construction. The overall need is to maintain economic development without reducing the development rate. Too large a scale of development will not do, but without momentum, there can be no development stamina or economic results. The state should carry out economic construction on a certain scale, so should localities. Economic results must be stressed. It is wrong to say that the state must produce economic results when carrying out economic construction whereas localities must not necessarily produce results. As I see it, localities have produced better economic results than the state in carrying out economic construction in the last few years. In the last few years, many highways, ports, and railways have been built in Guangdong, but the state has not provided much money to the province. The province has used its own money. Is this development not good? The market economy must be enlivened more and carried

out faster. Initiative in one aspect will not do, and if everyone's initiative is dampened, what does our reform mean? This is a crucial point in judging whether reform is successful or not.

These remarks were, reportedly, aimed at criticizing the attempt to overly stress central macrocontrol and regulation and restrain economic development in the localities.

Zhu Rongji Suffers Most From Local Criticism

The informed source said that the high-level CPC leadership now deeply feels a lack of authority in controlling and instructing local party and government cadres. There are many factors causing this. An important one is this: The current central leadership group has been formed by inner-party political gerontocrats in a special period under special circumstances to meet emergency needs; it has been established on the authority of the political gerontocrats, not on the entire party's will. After the authority of these gerontocrats weakens, those in the central leadership who enjoy more support from local party and government officials will have more rights to speak and command greater political influence. This may become a new trend.

In the high-level central leadership, Vice Premier Zhu Rongji is the one who is criticized most seriously by the local authorities. Instead of making him the most-welcomed leader, his wisdom and talents have caused him to offend the localities, and this wisdom and talent have now become obstacles to the implementation of the economic plans. A political figure in Beijing assessed Zhu Rongji's political fate as follows: The fruits of his efforts to strengthen central power may possibly be enjoyed by others, but the bitter results arising from this effort may possibly be tasted by himself. Because General Secretary Jiang Zemin is above him and Premier Li Peng is beside him, it is difficult for him to completely put his ideas into effect, while his habit of forcibly implementing policies easily evokes resentment and dissatisfaction among people in the higher authorities, at the lower levels, and around him. Viewed from another angle, Zhu Rongji's main economic concept is strengthening central control over economic affairs and expanding central power to exercise macrocontrol and regulation over the economy. Some mainland economists point out: The Chinese economic structure has not fundamentally changed toward marketization, central control over the overall economy is still quite unilateral, and no major transformation has taken place in government functions and institutions. Under these circumstances, excessive expansion of central power to exercise macrocontrol and regulation over the economy or transferring local government power will seriously ruin the economic development mechanism which has taken shape in the last 10 years or so and will thus place the entire national economy in a predicament where neither the old structure nor the new one is available, causing economic retrogression and confusion. Zhu Rongji should also pay attention to this point. In short, if Zhu Rongji wishes to accomplish something, he must be good at seizing up the situation and adjusting his political role and measures.

Political Structural Reform Has Become a Practical Issue

Another major issue facing the high-level CPC leadership is the existence and development of all kinds of political forces outside the political structure. Because the CPC persists in the traditional political structure, many of the masses' complaints and wishes are not acceptable to this political structure. Thus, the formation of political organizations outside this political structure is inevitable. In many state-owned enterprises, township and town enterprises, and three types of foreign-invested enterprises on the mainland, because workers' rights and interests are neglected and suppressed, a trend has appeared in which they are spontaneously forming provisional economic and political organizations, and this is earning a response and participation in other social strata's. In addition, the large numbers of surplus laborers who have left the rural areas cannot find any organization or institution which can represent their interests or express their wishes, therefore, in places where they are comparatively concentrated, they have formed different kinds of organizations. Moreover, "political dissidents" in China and abroad have formed organizations and are trying to expand their organizations and establish links with mass organizations on the mainland. The high-level CPC leadership is following these developments closely and regards them as the "focus" of the crackdown. More and more people on the mainland understand that backwardness in political structural reform is not just a theoretical problem awaiting further discussion, but is also a practical problem requiring urgent solution. People have focused their attention on how the high-level CPC leadership views this problem and what measures it will take.

Wu Xueqian Attends Inauguration of 'Peace Committee'

OW0707041194 Beijing XINHUA Domestic Service in Chinese 0309 GMT 2 Jul 94

[Text] Beijing, 2 Jul (XINHUA)—The Peace Committee of the Religious Circles of China, formed by well-known figures of China's religious circles, was inaugurated in Beijing today.

The purpose of the Peace Committee is to urge China's religious groups and their followers to defend and participate in the cause of world peace; develop friendly exchanges with religious peace organizations and personalities worldwide; and make concerted efforts to promote and defend world peace.

Zhao Puchu is chairman of the committee, while Ding Guangxun, An Shiwei, Zong Huaide, Ming Yang, Han Wenzao, and Fu Yuantian are vice chairmen.

Wu Xueqian, vice chairman of the National Committee of the Chinese People's Political Consultative Conference, attended the inauguration meeting.

NPC Standing Committee Examines Draft Laws

OW0707073394 Beijing XINHUA Domestic Service in Chinese 1122 GMT 1 Jul 94

[By reporter Liu Siyang (0491 1835 2254)]

[Text] Beijing, 1 Jul (XINHUA)—Over the past few days, the Eighth Session of the Eighth National People's Congress [NPC] Standing Committee continued to examine in groups several draft laws.

While examining a draft decision concerning the punishment for copyright piracy, members of the Standing Committee held that this draft decision, which had been altered after an initial examination, is comparatively in line with the realities. They expressed their belief that it can better protect the legal rights and interests of authors and relevant persons entitled to the copyright. They expressed their hope that this draft decision will be further improved so as to be adopted for implementation as soon as possible.

Some of the members said that the phenomenon of infringing upon the interests of copyright owners is very serious at present, and they thus called for an urgent rectification of the situation. Member Yang Haibo suggested that personnel be organized to conduct a comprehensive investigation into infringements and the unfair treatment of copyright owners. Member Wang Fosong suggested that the rules for the implementation should be formulated soon after the decision draft is adopted so that some uncertain circumstances can be defined.

A draft securities law was examined at the Third and Fifth Sessions of the Eighth NPC Standing Committee. Afterward, it was altered considerably, in accordance with the examining opinions expressed at the meetings of the Standing Committee and on the basis of extensively sought opinions. During the examination of this draft law at the current session, a majority of members held that the contents of this altered draft are relatively substantive but that because of insufficient experiences in practice, more opinions should be invited to attain an improved version.

While examining a draft arbitration law, the members held that it is necessary to formulate an arbitration law to further improve China's arbitration system, to better solve economic disputes between the parties concerned, to safeguard social and economic order, to develop a socialist market economy, and to expand international economic relations and trade. Some of the members said: Arbitration deals with a wide range of matters, but some regulations in the draft law appear to be too simple; the draft law needs to be further substantiated and improved.

The draft People's Bank of China law and the draft auditing law were submitted for the first time by the State Council to the NPC Standing Committee for examination. The draft People's Bank of China law has eight chapters and 46 articles. The members held that the purpose of formulating the law is to establish the status and functions of the People's Bank of China, to strengthen its supervision and control of the banking industry, and to meet the needs of establishing and perfecting the central bank's control system. The law will be of important significance to the promotion of economic development. Some of the members also provided opinions concerning changing it. Member Wu Changshu said: While formulating the People's Bank of China law, which serves as a basic law for the banking industry, consideration should be given to the issues of supporting economic development in regions inhabited by ethnic nationalities. It is necessary to carry out a preferential monetary policy in these regions. For example, preferential interest rates for savings should be available to people of ethnic nationalities; it is necessary to increase the kinds of special loans to them; more preferential loans should be made available to them; and the supply of funds for loans to these regions should be guaranteed.

The draft auditing law has seven chapters and 46 articles. While examining the draft law, the members held that because China began carrying out auditing work many years ago, it is quite necessary to formulate a law to standardize the work. Some of the members suggested that the major sphere of auditing work as stipulated in the draft law should be expanded to include those enterprises that experience great economic losses. Some of them said that the scope of auditing should be more specific and well defined. For example, it should stipulate whether or not a joint-venture enterprise can be audited.

NPC Decision on Punishing Copyright Violators

OW0607131694 Beijing XINHUA Domestic Service in Chinese 2110 GMT 5 Jul 94

[Text] Beijing, 6 Jul (XINHUA)—Decision of the National People's Congress [NPC] Standing Committee on Punishing Infringements of Copyrights:

(adopted by the Eighth Session of the Eighth NPC Standing Committee of the PRC on 5 July 1994)

The following provisions are formulated to supplement the Criminal Law for the purpose of punishing the crime of infringing upon copyrights and relevant rights and interests:

1. Whoever, for the purpose of reaping profits, commits any of the following acts of copyright infringement, involving a fairly large amount of illegal income or other serious circumstances, is to be sentenced to less than three years of fixed-term imprisonment or criminal detention, and may exclusively or in addition be sentenced to a fine; when the illegal income is huge in amount, or the circumstances are especially serious, the

sentence is to be not less than three years and not more than seven years of fixed-term imprisonment, plus a fine:

(1) Reproducing and selling written works, music, movie or television films, video products, computer software, or other works without the permission of the copyright owner;
(2) Publishing other people's copyrighted books;
(3) Reproducing and selling audiovideo products without the permission of their original producers; and
(4) Producing and selling paintings which bear forged signatures.

2. Whoever, for the purpose of reaping profits, sells the aforesaid reproduced products with the knowledge that they are reproduced in violation of other people's copyrights and obtains a fairly large amount of illegal income is to be sentenced to less than two years of fixed-term imprisonment or criminal detention, and may exclusively or in addition be sentenced to a fine; when the illegal income is huge in amount, the sentence is to be not less than two years and not more than five years of fixed-term imprisonment, plus a fine.

3. Any organization committing the crime of copyright infringement is to be sentenced to paying a fine, and its person-in-charge and other persons who are directly responsible for the crime are to be punished according to the stipulations of this decision.

4. All products reproduced in violation of other people's copyrights, the illegal income, and the materials, tools, equipment, and other things used by an organization or individuals mainly for the purpose of infringing upon other people's copyrights are to be confiscated if discovered.

5. Whoever commits the crime of copyright infringement and causes losses to the copyright owner is to be ordered to pay compensation for the loss according to the law and the circumstances, in addition to suffering criminal liability according to this decision.

6. This decision becomes effective upon its promulgation.

NPC Approves State's 1993 Final Accounts

OW0607122094 Beijing XINHUA Domestic Service in Chinese 0642 GMT 5 Jul 94

[Text] Beijing, 5 Jul (XINHUA)—Resolution of the National People's Congress [NPC] Standing Committee on approving the 1993 final accounts of the state:

(adopted on 5 July 1994)

In accordance with a resolution adopted by the Second Session of the Eighth NPC on "authorizing the NPC Standing Committee to examine and approve the 1993 final accounts of the state," the Eighth Session of the Eighth NPC Standing Committee heard and discussed a "report on the 1993 final accounts of the state" delivered by Finance Minister Liu Zhongli on behalf of the State Council, and, based on an examination report by the NPC Financial and Economic Committee, it decided to approve both the 1993 final accounts of the state submitted by the State Council and the "report on the 1993 final accounts of the state" delivered by Finance Minister Liu Zhongli.

Draft Securities Law 'Requires Major Changes'

HK0607090394 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 6 Jul 94 p 3

[By Christine Chan]

[Text] China's draft securities law requires major changes before it can be enacted, the Shanghai Securities News reported.

The paper quoted an unnamed expert as saying that the draft, now before the standing committee of the National People's Congress [NPC] contained "unreasonable points".

For instance, regulations on share issues have been excluded on the grounds that they are covered by China's Company Law.

But the law, which took effect on July 1, is inadequate in this area, the expert was quoted as saying.

"Since (the Securities Law) is the basic law for guiding and regulating the whole securities market, it should enact comprehensive and enforceable standards for the primary as well as secondary market," the expert said.

The law should cover government bonds and other debt instruments in addition to equities, said the expert who criticized the draft as imposing needless regulations on the country's stock markets.

"The present draft law enacts detailed rules on the organisational structure of the exchanges, the qualifications of staff and employees, the rights and responsibilities of members and other exchange policies. This is unreasonable."

Disclosure rules were described as unworkable and unenforceable, which was a major drawback of the draft, the expert said.

The newspaper quoted another source denying reports that the draft might be taken off this year's NPC agenda.

Li Yining, head of the securities law's drafting team, had said several aspects in it caused heated debates during the consultation process.

Much of the debate has focused on how to establish a securities administrative body and how to deal with over-the-counter trading.

New Rules Drafted To Regulate Motion Picture Industry

HK0507104894 Beijing CHINA DAILY in English 5 Jul 94 p 3

[By Wu Zhe: "Regulations Soon for Local Movie Industry"]

[Text] China is drafting a set of new rules to regulate the current movie market.

The rules aim to strengthen administration of imported films and co-production of films with foreign producers, said Li Wenbin, an official of the Ministry of Radio, Film and Television (MRFT).

The move is part of recent government efforts to protect and develop the national movie industry, Li said.

There will be more careful screening of imported films, one of the major channels through which the Chinese get access to foreign culture.

From now on, imported films will be limited to 30 per cent of the total in the film market, Li said.

China imports films mainly from the United States, France, Italy, the former Soviet Union, Egypt, Japan and Third World countries as well as Hong Kong.

South Korean movies are arousing interest among Chinese movie-goers. A South Korean Film Week was held in Beijing last April.

According to the draft rules, the number of films co-produced with foreigners will be limited to 30 annually and at least three of them must be based on real life.

Film co-production will be well received so long as they are of fine artistic taste and sell well, said Li.

"Co-production of films with foreigners can survive (the new rules) if the principle of mutual benefits is observed, Li said.

Restrictions on film co-production and joint ventures are not intended to exclude foreign cultures, the official pointed out.

According to the new rules, all films co-produced with overseas studios should have the final-stage process conducted on the Chinese mainland and should get approval from the Film Bureau of the MRFT before it can be released.

The script will be the prime concern in the screening of films.

The draft rules also repudiate the practice of labelling some films with the phrase "unsuitable for children."

Li said the label was first used with the film "Widows Village" but it has never been approved by China's film authorities.

"It's out of the question for us to allow the production of films depicting sex and violence. So it is not necessary for us to use the label," Li explained.

He also stressed that to protect copyright, none of the "reference movies," the imported films kept in the State film archives for research, are allowed to enter the film market.

Amnesty International Reports Arbitrary Arrests Continue

HK0707070694 Hong Kong SOUTH CHINA MORNING POST in English 7 Jul 94 p 11

[By Irene So]

[Text] China has continued to exercise extensive powers of arbitrary arrest and detention, says the annual global human rights report to be released by Amnesty International today.

Citing evidence from informed sources, the report by the London-based watchdog says widespread arrests of suspected government opponents continued throughout last year.

Between April and June last year, more than a dozen dissidents were detained in Shanghai, including veteran pro-democracy campaigners Fu Shenqi and Zhang Xianliang. They were sentenced in July to three years of "reeducation through labour".

Meanwhile, hundreds of people were detained because of their religious views or for taking part in unauthorised religious activities including Protestants, Catholics, Buddhists and Muslims, the "Amnesty International Report 1994" says.

Ethnic groups in Tibet, Xinjiang Autonomous Region and Qinghai province had also suffered from repression last year.

At the end of last year, 123 Tibetans were believed to be still detained in Tibet for supporting independence or monitoring human rights, mostly without charge or trial.

The report reveals that hundreds of prisoners of conscience who had been arrested after the 1989 pro-democracy demonstrations remained in jail. And the fate of thousands of others remained unknown.

By the end of last year, no trial was known to have taken place for about 30 pro-democracy activists detained for more than one year.

"Over a dozen prisoners of conscience were freed during the year in an apparent concession to international pressure," it says.

The report also points out many former dissidents remained under police surveillance.

Journalist's Case Back With Prosecutors, Eyes Release

HK0607084994 Hong Kong SOUTH CHINA MORNING POST in English 6 Jul 94 p 9

[By Chan Wai-Fong]

[Text] The husband of detained Chinese journalist Gao Yu is optimistic now that the court has determined evidence for the prosecution of her trial is incomplete and returned the case to prosecutors.

Zhao Yuankang said yesterday that his wife's lawyer was told by the court that the case was back with the prosecutors who would seek further evidence.

Gao has been held in jail, incommunicado, since October last year. She was arrested on the eve of her departure for America to take up a fellowship at Columbia University.

Charged for "leaking state secrets to foreigners", the journalist went on trial two months ago behind closed doors in Beijing's Intermediate Court.

"It is encouraging news," Mr Zhao said, confirming reports that his wife's case had not been accepted by the court.

"It shows that the court is working on facts, not like before when verdicts were delivered without questioning," he said.

A research fellow of the Chinese University and a Chinese legal expert, Chang Hsin, yesterday also expressed hope for Gao's case, since it was seldom that Chinese courts returned political trials to the prosecutors.

"I cannot think of any political case to have been sent back for re-submission. It happens for criminal cases, like corruption, because they usually involve high-ranking officials and it has to be prudent. But it very seldom happens for political cases," Mr Chang said.

"In political cases, the public security will have collected enough evidence and it is almost certain what the result will be," he said.

Mr Chang said hopes were high that Gao would be released and be allowed to leave the country.

"The situation is less tense now. It seems that doors will be opened if you are going to leave the country. Yu Haocheng is an example. Besides, there is international pressure as far as human rights are concerned," he said.

According to Chinese law, the prosecutors have to re-submit the case within one month and the court should process it as a new case while a trial has to be held within four to six weeks, Mr Chang said.

A court spokesman confirmed the court's decision on May 19. A trial for Gao should be held this month.

Report Views Increase in 'Political Participation'

OW0607085894 Beijing XINHUA in English 0826 GMT 6 Jul 94

[Text] Beijing, July 6 (XINHUA)—For thousands of years there has been an admonition in China in all public places warning people not to talk about the right or wrong of a regime, so as to avoid inviting trouble on oneself or on one's family.

However, it is a common sight today that people are talking about politics in all streets and lanes—what politicians called "political participation".

People are often heard to comment on the government's work in a public way, to criticize or make complaints about the poor state of public security in some places, and to report price hikes and illegal activities among governmental officials.

"I was quite shocked at the frankness with which the Chinese mainlanders give voice to their innermost feelings when they get together," said a Mr. Wang, who was among the first batch of Taiwanese who visited the Chinese mainland in 1984.

"Even about some sensitive topics, they don't seem to care," he said.

The country's 15-year reform and opening-up have given rise to a harmonic social environment full of vitality. With the diversification of the forms and channels of social participation, the Chinese people are now ever-increasingly enthusiastic about participation in political life.

A recent survey on the attitude of Chinese people toward the political participation, conducted by the Chinese Academy of Social Sciences, shows that about 77.6 percent of the informants prefer to take an active part in the nation's political life. It also shows that people are most likely to discuss politics at home and in their work units.

It was dangerous for ordinary Chinese to talk about politics during the disastrous years of the "Cultural Revolution" (1966- 1976). Many people were suspected of having "ulterior motives" or "making vicious attacks" against party and government solely due to one careless word or a slip of the tongue.

Since China's reform and opening-up started 15 years ago, the central government has made efforts to create a new political situation in which people can talk freely and to their heart's content. Those who speak bluntly are well treated and those who point out the shortcomings in the government's work are praised.

One of the ways through which the Chinese people actively participate in the political activities is the "hot-line", which is considered more formal.

To ensure more citizens have access to supervision over government work, an increasing number of hot lines

have been set up by governments at all levels over the past few years. In Tianjin, Chongqing, Beijing and Guangzhou it has become a common practice that keeps the party and government leaders informed of the thoughts of the people.

In Shenyang city of northeast China's Liaoning Province a suggestion and advice collection office was set up last year. Of over 1,200 suggestions collected from the local citizens since its founding, about 25 percent have been adopted. Dozens of citizens have received awards because of their helpful advice.

In Guangzhou, a social survey center which was set up six years ago regularly publishes the results of its studies. Many governmental policy-making decisions have been made on the basis of the surveys.

The center also often holds face-to-face talks between government officials and citizens on housing and public security, involving more than one million people.

The country's fast growth of radio and television also has bolstered the citizens' political participation. The radio and TV stations in Shanghai, Tianjin and Guangzhou have opened various kinds of hotlines.

The Shanghai Orient TV Station receives over 2,000 calls every minute, and many of them are about problems that need to be solved urgently. About 80 percent of these problems have been solved to some extent.

In Tianjin, for example, residents made a hotline call saying that the buses they take are not on time. Mayor Zhang Lichang made an investigation himself on a bus and the problem was solved.

Mayors in some big cities are often invited to the TV stations to have direct talks with the residents. In Tianjin, the municipal meetings are often made known through live broadcasts.

Wang Hui, a Chinese sociologist, said China's reform has not only made more ways and channels for political participation, but also given rise to more rights and opportunities for Chinese people.

In the rural areas farmers' self-government is carried out in every village, and villagers select their own leaders. The governments below the county level all practised the direct election system. And the number of people who take part in the elections tops 90 percent.

In cities the government institutions have begun to impose a democratic evaluation system to supervise their officials. In the Hexi district of Tianjin a number of officials are dismissed every year based on the evaluations of the public. Many workers have been promoted to administrative posts through equal competition and tests. In Beijing one third of the enterprise leaders were once workers.

Wang concluded that with the deepening of the reform, Chinese people will express themselves in a freer way and participate more consciously in governing themselves.

Union Claims Sex Discrimination in Foreign-Funded Firms

HK0607153894 Beijing CHINA DAILY in English 6 Jul 94 p 4

[By Zhang Xia: "Union Urges More Women To Close Ranks"]

[Text] Women workers often suffer from appalling work conditions despite their increasingly vital role in foreign-funded enterprises, according to a report released last month by the All China Federation of Trade Unions (ACFTU).

The report, which concentrates on foreign-funded firms, cites an increase in sexual discrimination in the work place and labour disputes.

A poll conducted by ACFTU in 1991 and 1992 among 914 foreign-funded enterprises showed that women accounted for 50.4 per cent of the total 160,000 employees.

In Qingdao, Shandong Province, local statistics released in April showed that women accounted for 60 per cent of employees at the city's 3,000 foreign-funded enterprises.

Many foreign firms did not sign labour contracts with their employees and some factories, especially clothing and shoe manufacturers, hired and fired women workers at will.

Even where labour contracts were signed some employers still failed to meet the State labour rules.

And workers' rights and interests were rarely given a second thought.

A survey of 733 women workers in Guangdong Province showed that 32.87 per cent worked without labour contracts and 23.5 per cent held contracts that had no legal effect.

Some overseas investors only employed unmarried girls between 18 and 25 years old, who they dismissed once they got married or became pregnant.

Despite the state regulation that women workers should be paid their wages and some subsidies during maternity leave, many enterprises simply chose to ignore the rules.

Equal pay for equal work was not a philosophy all employers were ready to subscribe to. At some enterprises, women still got less money than their male counterparts doing the same job.

Meanwhile, many women were often forced to work overtime without getting additional pay.

In a toy factory in Guangzhou, capital of Guangdong Province, workers, most of them women, had to work 15 hours a day. Even then, they were not allowed to take Sunday off or enjoy any annual holiday leave.

The report said that some overseas-funded enterprises, especially small manufacturing factories, paid little attention to safety conditions.

Last November, 84 women workers were burnt to death in a fire at a Shenzhen toy factory run by a Hong Kong businessman. Investigative reports after the disaster found that all exits were closed during work hours to "prevent theft."

Another fire that broke out a month later in a Fujian factory run by a Taiwan businessman killed 59 women workers.

Besides, the health of women workers is often threatened by noise pollution and poisonous gas. A survey of 158 Hainan-based factories with heavy pollution found that less than 10 percent of the firms gave their employees, mostly young women, regular health check-ups.

In some foreign-funded enterprises, some women workers were forced to stand in heavy rain or under the scorching sun as punishment.

As some foreign-funded firms do not have trade unions, women are without channels to voice their complaints. And for the sake of money, many would rather swallow their pride and endure the polluted environment or corporal punishment.

"Women employees in foreign-funded enterprises, like those in state companies, are also the masters of the state. Their political rights, economic interests, and personal dignity should not be infringed upon," the ACFTU report stressed.

Many women workers in foreign-funded enterprises are migrants from the countryside. Their lack of education gives them little knowledge about law and many do not know how to protect themselves.

Women workers' organizations, therefore, are badly needed to safeguard their rights and interests, said the report.

According to the State Trade Union Law, all foreign-funded enterprises should establish trade unions. Those with more than 25 female employees should establish commissions of women workers.

Where trade unions have formed they have proved effective in protecting women workers' legal rights and resolving labour disputes.

Trade unions should be seen in a positive light by employers. They are conducive to enterprise prosperity because they help to build a more harmonious relationship between employees and management.

The union commissions can coordinate with local labour departments and supervise the implementation of regulations to ensure that female employees are protected.

Trade unions should also organize women workers to study employment law to strengthen their bargaining position within the work place, said the report.

By the end of last year, trade unions in foreign-funded enterprises numbered 8,260, with a membership of 1.3 million.

A recent decree by the State Council demands that by the end of the year, trade unions should be set up in all foreign-funded enterprises in development zones.

Shanghai Mayor, Delegation Meet Hunan Leaders

HK0607091794 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 2 Jul 94

[Text] The Shanghai municipal government delegation led by Mayor Huang Ju made an inspection visit to this province. Yesterday, provincial party and government leaders Wang Maolin, Chen Bangzhu, Chu Bo, Hu Biao, and Wang Keying met with members of the delegation. The Shanghai and Hunan leaders discussed issues concerning the strengthening of lateral economic cooperation and the promotion of interrelated economic development in areas along the Chang Jiang. Shanghai is the head of the Chang Jiang economic zone, and Hunan is the middle part of the zone. According to incomplete statistics, between 1986 and 1993, Hunan and Shanghai signed a total of more than 1,000 economic contracts and agreements, and more than 540 items have been carried out. Hunan attracted nearly 600 managerial and technical people, and introduced more than 40 million yuan from Shanghai. Most of the cooperation projects have been completed and have achieved good economic results, thus effectively promoting Hunan's economic growth. In the talks, when the Shanghai delegation learned about the heavy losses caused to Hunan by the most serious floods in the past century, they promised to donate 1 million yuan, thereby expressing the Shanghai people's loving care for the disaster-afflicted people in Hunan.

Officials Using Luxury Imported Cars Face Penalties

HK0707070794 Hong Kong HONGKONG STANDARD in English 7 Jul 94 p 7

[By China editor Cary Huang]

[Text] Chinese officials who violate party and government stipulations by using luxury imported cars face demotions, sackings and fines, according to a new order recently issued by the Communist Party.

The order issued by the Central Discipline Inspecting Commission (CDIC) under the party's Central Committee reinforces a previous ban on government officials using expensive imported cars instead of domestic models.

In an apparent anti-graft campaign, the ruling party's top discipline watchdog has targeted officials with the rank above the county level.

It ordered all central government departments and local authorities to launch a thorough investigation into the issue and to report to the CDIC about what kind of cars officials are using.

Officials who violate party and government stipulations on standards of cars used would be disciplined, Chinese sources quoted the recent CDIC circular as saying.

Those who had violated rules in this regard or replaced their old cars with luxury imported ones since 1 July 1992—when the party launched its high profile anticorruption campaign—would be disciplined with either warning, demotion, sacking, fine or combination thereof, the circular said.

Also pointed out for punishment were those who used their power to ask subsidiary departments or companies under their jurisdiction to buy luxury cars for them.

The circular mentioned penalties as well for those who bought luxury vehicles from funds earmarked for education, funds from donations for disasters or to help poverty regions. [sentence as published]

Party and government officials who bought smuggled cars were also listed.

Rampant corruption among party and government officials was one of the major elements that fuelled the nationwide student-led protests in 1989, which ended with a bloody military crackdown on 3 and 4 June of that year.

Officials using luxury imported cars have become one of the sources of popular discontent and the ruling party has launched a series of anticorruption campaigns in past years to placate disgruntled masses.

Guangdong has taken the lead in banning officials from using expensive cars.

The government in the province has recently ordered that no official can have a car worth more than 500,000 yuan (HK$446,000).

This move is apparently in response to a call by central party authorities.

Before now, localities had not really implemented the 1992 ban on imported cars.

National Meeting on Reforms in Oil Products Trade

SK0607080994 Harbin Heilongjiang People's Radio Network in Mandarin 2200 GMT 5 Jul 94

[Text] The national meeting on straightening out the markets for finished oil products was held in Harbin on 5 July. The meeting called on all localities and departments in the country to go into rapid action to implement the detailed rules and regulations concerning the reform of the circulation system for crude oil and finished oil products, which was issued by the State Planning Commission and the State Economic and Trade Commission and to actually straighten out the markets for finished oil products in accordance with the methods on straightening out the finished oil products markets adopted by the State Economic and Trade Commission and the State Administration for Industry and Commerce.

The meeting maintained: Owing to the reasons in various fields, the scattered distribution and the multichannel management of oil resources and the dislocation of prices of oil products have become increasingly serious in China over recent years. This has provided opportunities for speculation and profiteering, for law and discipline violations, and for embezzlement and corruption. This has also prevented increasingly more oil resources from being subject to the unified state control, thus aggravating the contradiction between supply and demand of oil products. This is a matter related to the overall situation of reform, development, and stability. To reverse this phenomenon once and for all, the state has decided to reform the system concerning the circulation of crude oil and finished oil products. In April, May, and June this year, the State Council and its pertinent departments set forth a series of policies, rules, and regulations for this work. The state then allocated the resources of crude oil and finished oil products in a unified manner across the country and readjusted the prices, rationalized the circulation channels, and straightened out the markets of crude oil and finished oil products. The state has also managed the circulation order and the circulation structure of crude oil and finished oil products in a comprehensive way with a view to eventually establishing a standardized and orderly circulation system in China that meets the demand of the socialist market economy, conforms to the operation pattern of the world markets, and is linked with the world markets.

The meeting pointed out: At present, the situation regarding the oil products market is intricate. In straightening out the markets, we must follow the rules and regulations in force. Those which should be straightened out are all wholesale enterprises, oil filling stations, and retail centers engaged in the business of finished oil products and all foreign trade enterprises entitled to dealing in the import of finished oil products in the country.

The meeting stressed: Those oil-dealing units which do not comply with the stipulated conditions in management and equipment, those units which go through formalities in violation of the stipulated procedures, those oil storage equipment and centers that are established privately and indiscriminately, and those [words indistinct] oil-filling stations should all be banned resolutely. Those that evade taxes, shortchange, or adulterate quality oil with inferior oil in the process of dealing must be severely punished according to laws. The regulation, as stipulated by documents, on banning all party, government, and military organs at various levels from engaging in the dealing of finished oil products must be implemented conscientiously.

The meeting also set forth the timetable of the current straightening-out of finished oil product markets, demanding completion by the end of March next year.

CASS To Revise Research Agenda, Cater to Market Economy

HK0707070194 Beijing CHINA DAILY in English 7 Jul 94 p 1

[By Gao Anming: "Research Updated in Social Sciences"]

[Text] The Chinese Academy of Social Sciences (CASS), the country's top think tank, is taking cautious steps to revise its research agenda and cater to the needs of the market economy.

The academy is diverting limited resources to key studies that "are urgently needed in the country's ongoing restructuring process, of significance to the long-term development of social science research, or currently in advanced status."

Meanwhile, the academy is to cut and merge subjects that "have failed to produce significant results in recent years or duplicate each other," according to academy sources.

The academy leadership stressed that the planned cuts of unnecessary and outmoded subjects are to outnumber new subjects, to ensure more efficient use of research funds and talents, the sources said.

As the first step, the institutes of philosophy, history and rural development have completed reviews of their studies, and are to submit their plans to the academy for approval.

The academy plans to carry out such self-screening in all the institutes, starting this month, with an August deadline. It will then examine and possibly amend the plans, and make the revisions by the end of the year.

The academy listed 700 key research subjects in 1993, and its 30 or so institutes listed another 700. These, plus some other subjects that were not on the key agenda, have overstretched the academy's 1,600 senior research fellows, according to He Bingmeng, head of CASS research department.

He said the academy is also experimenting with a bidding system.

He said the new system is expected to help the academy direct studies, and improve research efficiency by inviting competition.

Until now, the institutes reported their plans annually to the academy for approval. The academy has found it difficult to allocate what it believed to be very important research projects to the institutes.

The first batch for bidding has 12 research subjects, including studies on deficit ridden State-owned enterprises, how to create "clean" administrations, city employment of surplus rural labour, social securities programmes, social morals and ethics, and transformation of former Soviet Union republics and East European countries.

Great Hall of People Being Renovated

OW0207095694 Beijing XINHUA in English 0849 GMT 2 Jul 94

[Text] Beijing, July 2 (XINHUA)—Reconstruction and re-decoration of the Great Hall of the People in Beijing is expected to be completed soon.

It is one of the projects designed for the celebration of the 45th anniversary of the establishment of the People's Republic of China on October 1, and the work is the biggest ever for the hall.

With a total floor space of 170,000 square meters, the Great Hall of the People holds the offices of the Standing Committee of China's National People's Congress (NPC) and is the arena for NPC sessions.

The hall was constructed in the late 1950s and due to the limitations of building materials and construction equipment, some of the facilities at the hall cannot meet present demands.

The project will follow the original architectural style in principle, one of the managers of the project said.

The reconstruction plan covers the southern side of the hall where the offices of the NPC Standing Committee are situated, the grand steps at the northern gate and the northern hall.

The reconstruction floor space amounts to 52,000 square meters.

In the project, steel structures will be used to replace the wooden one for the roof of the hall, and telephone, TV and air conditioning facilities, plus a fire-alarm system, will be installed inside the Great Hall.

The project will also use marble or granite to replace the original lime-stone walls.

It is expected that the reconstruction of the southern side and northern side will be completed at the end of August.

Science & Technology

Scientists Synthesize Nuclide in Laboratory

OW0607080794 Beijing XINHUA in English 0723 GMT 6 Jul 94

[Report by Li Zhurun: "First New Nuclide Synthesized in China Passes Appraisal"]

[Text] Beijing, July 6 (XINHUA)—The very first nuclide synthesized in a Chinese laboratory and by Chinese scientists today passed the appraisal of a committee of the country's top nuclear scientists.

The committee, consisting of five academicians of the Chinese Academy of Sciences, concluded that the research work done by Professor Zhou Shuhua and his colleagues at the China Institute of Atomic Energy (CIAE) on the synthesis of nuclide ruthenium-90 was "important to research into astrophysics and the nuclear structure".

It also examined research work done by CIAE Associate Professor Zhao Kui in a British laboratory on the synthesis of the new nuclide iridium-199, concluding that it was up to the world's top standards.

Scientists throughout the world have so far synthesized 2,400 nuclides by using accelerators or nuclear reactors, in addition to some 270 known to exist in nature. Research in this specialized field helps enhance people's understanding of the matter.

Chinese scientists had never synthesized a nuclide in China and in a Chinese laboratory before 1991, when Zhou Shuhua and his group identified the existence of ruthenium-90 through experiments using the Beijing HI-13 tantalum accelerator at the CIAE. They also assigned two R-rays to the new nuclide, and deduced its half-life.

The result was first published in the "CHINESE JOURNAL OF NUCLEAR PHYSICS" in the same year. Then it was cited in the "NUCLEAR DATA SHEET" published in December 1992 by the Brookhaven National Laboratory of the U.S. National Nuclear Data Center.

The only data on ruthenium-90 available anywhere in the world were those supplied by the CIAE, according to experts.

In 1993 Zhou and his group repeated the 1991 experiments. While confirming the results achieved in 1991, they discovered scores of new R-rays in ruthenium-90.

While working as a visiting scholar at the Daresbury National Laboratory of Britain between 1991 and 1992, Associate Professor Zhao Kui, together with other Chinese scientists and scientists from other countries, succeeded in synthesizing iridium-199 and measuring its mass.

Germany's Siemens To Transfer Technology to Pudong

HK0607151794 Beijing CHINA DAILY in English 6 Jul 94 p 2

[By Zhang Yuan: "Siemens Set To Transfer Technology to Pudong"]

[Text] Siemens AG of Germany, one of the leading makers of telecommunications systems in the world, yesterday announced that it will expand its business in China.

It will transfer the Hicom-300 system—its latest technology for the manufacturing of private communications systems—to Shanghai and set up a new plant in Shanghai's Pudong New Area to increase the Hicom-300 system production capacity, said Kurt Renz, executive director of Siemens Private Communication Systems.

It has already built two Hicom-300 production lines in Shanghai and Beijing.

The Hicom-300 system is able to transmit not only sound but also images and data. It is widely used in hotels, work units, and government offices.

Renz said at a press conference in Beijing yesterday that "China is now one of the fastest growing markets in teleconmmunications in the world" and the potential for using the Hicom-300 system in the country is enormous.

Thus, Siemens has decided to transfer the technology to Siemens Business Communications Systems Ltd in Shanghai, a joint venture between Siemens, two Shanghai partners, and one Beijing partner. Manufacturing in China will make the system more price-competitive because of low production costs and cheap labour.

So far, the venture has received orders for about one million lines from Chinese customers.

Siemens plans to supply 500,000 lines this year because the venture is not running at full capacity yet, said Peter Haberzettl, department manager of the joint venture.

The joint venture is now building a large plant in Pudong, which is expected to go into operation in October.

Another major target of the joint venture is to vigorously develop the Southeast Asian mnarket, especially China's neighbours such as Vietnam and Mongolia, Renz said.

Economic & Agricultural

President Jiang Zemin Tours Xiamen SEZ

HK0707082394 Hong Kong WEN WEI PO in Chinese 29 Jun 94 p A3

["Special article" by special correspondent Huang Johung (7806 5387 4767): "Jiang Zemin Inspects Xiamen Special Economic Zone"]

[Text] The mid-summer air of the Xiamen Special Economic Zone [SEZ] was especially fresh and the sun's rays were more gentle after days of showers.

Great Changes in Xiamen

The rain stopped on 22 June, and the sun came out. Jiang Zemin, CPC Central Committee general secretary, state chairman, and Central Military Commission chairman, arrived in Xiamen for a tour of its special economic zone with high hopes of seeing more rapid economic development there. This was his second visit; his first was in 1991, when he attended the 10th anniversary of the Xiamen SEZ.

On 22 and 23 June, in the company of Jia Qinglin, Fujian party secretary; Fujian Governor Chen Mingyi; Gu Hui, Nanjing Military Region commander; Ren Yonggui, Fujian provincial commander; Shi Zhaobin, Xiamen City party secretary; and Mayor Hong Yongshi, General Secretary Jiang Zemin toured foreign-funded enterprises such as the Xiamen Torch Hi-Tech Development Zone, the Haicang Investment Zone, the Xiamen ABB Switch Company Limited, and the Xiashun Aluminium Company, where he listened to Xiamen City Party Secretary Shi Zhaobin's report on the city's economic and social development. In 1993, Xiamen produced a 10.804 billion yuan GDP and a 18.564 billion yuan industrial output value, respectively up 53.21 percent and 69.58 percent from 1991. Foreign-funded enterprises accounted for 61.2 percent of the city's industrial output value, or 10.319 billion yuan, and its total import and export value came to $4.04 billion, 1.36 times the amount in 1991. General Secretary Jiang Zemin was pleased with the achievements of the Xiamen SEZ, saying that Xiamen had changed a great deal over the last two and a half years, that the development was very good overall, and that it was natural that the Xiamen SEZ was moving to a higher level. Xiamen's pursuit of spiritual civilization and handling of public order were good on the whole.

On the morning of the 23rd, General Secretary Jiang Zemin and his entourage were ferried across the sea on a special fact-finding tour of the Haicang Investment Zone. General Secretary Jiang, in a brown hunting suit and wearing a white visor, walked in short brisk steps and was in high spirits. He arrived first at the phase-one construction site of the Songyu Power Plant, a plant with 3 billion yuan in investment and a 600,000 kw installed capacity. There he greeted workers and technicians, learned about project investment and how the work force was doing, and instructed the officials in charge of the Construction Planning Office to provide early training to the production force with a view to developing the work force.

Bright Prospects for Haicang

After that, General Secretary Jiang Zemin and his entourage were driven to the Hiacang Management Committee Office Building on the newly opened "Hai-4" Expressway, which is 4.7 km long and 60 m wide and connects the Haicang Port Area with its new town district. During the journey, he caught a glimpse of the initial shape of the Hai-4 Expressway, a massive 150 million yuan engineering project begun on 8 September last year. General Jiang was very pleased.

At the Haicang Investment Zone Management Committee Office Building, Su Zengtian, executive deputy director of the management committee, briefed General Secretary Jiang on the progress of the Haicang project. The Haicang Investment Zone has all the basic conditions for large-scale development, and a general outline and divisional blueprints on a 100 sq km land are being drafted for feasibility hearings. The zone has approved 16 direct foreign investment projects, $136 million contractual investment, and signed 10 accords totalling $700 million in agreed investment.

General Secretary Jiang looked carefully at the general outline of the Haicang Investment Zone. Before the "Haicang Terrain Model," General Secretary Jiang discussed with Deputy Director Su Zengtian Haicang's terrain and topography and plans, pointing at different spots on the model with a pointer. General Secretary Jiang was satisfied with Haicang's infrastructure, which he believed has the conditions for attracting foreign capital and is ready for full-scale development. General Secretary Jiang said: With such a fine place, need we worry that nobody will come? We have entered a new stage. This is true for both special economic zones and development zones. Haicang should let itself welcome investment from all Taiwan businessmen and other countries and regions.

In the Haicang Investment Zone, General Secretary Jiang also toured the Xianglu Project and the Xinyang Industrial Zone, two exclusively Taiwan funded ventures with a total investment of $270 million.

General Secretary Jiang pointed out: We must step up our effort to develop the Haicang Investment Zone and continue to pursue its infrastructure. As long as we persist in developing all the necessary backup facilities, "Haicang will have good prospects and will become even better." General Secretary Jiang stressed that Haicang must be turned into a magnet center for capital from Taiwan and other countries and regions as well as a key development zone focused on high technology.

Taiwan Investment Is Welcomed

Regarding trade and economic cooperation with Taiwan, General Secretary Jiang Zemin pointed out: We warmly welcome investment from Taiwan businessman. We must protect the legitimate rights and interests of Taiwan investors. Taiwan-capital enterprises must observe our law, provide enough protection for workers, and must not infringe upon their interests. Party organizations and trade unions at Taiwan-capital and foreign-capital enterprises must support the production and management there. We must increase the pace of developing a new generation of production structure and product technology in Taiwan-capital enterprises and the zone as a whole, develop new and high technology, and improve the general quality of the foreign-invested, exported-oriented economy.

During his stay in Xiamen, General Secretary Jiang Zemin also inspected the Taiwan-capital Zhengyu Rubber Tires Company. General Secretary Jiang told Chen Xiuxiong, the company's Taiwan owner: Taiwan investment is very much welcomed. We have drafted the "Law to protect investment by Taiwan compatriots" to protect Taiwan compatriots' investment according to law. But there is one condition: You must protect the workers; only then will workers be motivated. Taiwan businessman Chen Xiuxiong nodded repeatedly in agreement.

Minister Says Labor Law 'Essential' to Economy

OW0607155894 Beijing XINHUA in English 1450 GMT 6 Jul 94

[Text] Beijing, July 6 (XINHUA)—The just-published labor law is essential to the establishment of a socialist market economic structure and the improvement in China's labor-related legal system, Labor Minister Li Boyong said today.

Li stressed the need to perfect the labor-related legal system, correctly readjust labor relations and protect workers' legitimate rights and interests. This, he said, will cater to the growth of the non-state-owned economic sector and the shift in the economic structure of the state-owned sector, which jointly result in increasingly diversified and complicated labor relations.

The implementation of the new law will provide a "legal guarantee" for both workers and employers to protect their respective rights and interests, and at the same time, forge stable and harmonious labor relations, he noted.

The labor law highlights the protection of workers' rights and interests, he noted, in summing up the characteristics of the new law.

The law specifies the rights workers should enjoy, including the right to be employed on an equal footing, the right to choose jobs, the right to receive compensation for labor and the right to rest and vacation.

The law also spells out specific approaches and measures to guarantee those rights, as well as legal liabilities for infringing on workers' rights and interests, he added.

The law is also characterized by drawing on achievements in the reform of the country's labor system over the past 15 years, he said. For example, it stipulates that labor contracts must be signed for the establishment of labor relations.

Also, the new law benefits from good experiences in other countries, Minister Li said.

As a founding member of the International Labor Organization, China has approved 117 international labor conventions so far, he said.

The contents of those conventions were taken into full account in formulating the labor law, he said.

"We have drawn on commonly used international practices with regard to minimum wages, lowest employment age and equal pay for equal work for men and women," he said.

The labor law also endorses the use of collective contracts, which are used as effective means to readjust labor relations in market economies, although they are not so popular in China at the moment, Li said.

The Labor Ministry is now drafting a series of new related laws for the implementation of the labor law, he said.

These will include the social security law, the law governing safety in production, the labor contract law, the law for promoting employment, the wages law and the law for promoting professional skills.

"We shall do our utmost to introduce, by the end of this century, a labor-related legal system that will meet the needs of a socialist market economy," he said.

Construction Minister Discusses 'Real Estate Law'

OW0707105194 Beijing XINHUA in English 0859 GMT 7 Jul 94

[Text] Beijing, July 7 (XINHUA)—The Real Estate Law, the first of its kind in China which grants a series of preferential treatments for the construction of residential housing, will take effect as of January 1, 1995.

Under the law, all enterprises engaging in the construction of residential housing will enjoy favorable rights in terms of land allotment at lower prices or free of charge, rational reduction or exemption of taxes as well as supply of loans and construction materials on preferential terms, according to Hou Jie, minister of construction, in an interview with XINHUA here today.

The minister said that housing construction has all along been top of the list of the state's construction agenda,

even at a time when government macro control measures are enforced on the state's real estate industry.

The housing construction sector is enjoying high-speed growth across the country, which will be further guaranteed by the newly promulgated law, the minister stated.

Under the law, foreign entrepreneurs and business people from Hong Kong, Macao and Taiwan will enjoy the same preferential rights as their mainland counterparts if they engage in housing construction on the Chinese mainland, Hou revealed.

The minister expressed satisfaction with the present rate of housing growth. Statistics from January through May this year show that the investment amount, the finished construction space and the sales of housing increased 52.8 percent, 71.8 percent and 68 percent, respectively, over the corresponding period of last year.

For the past few years, the construction of villas and luxurious apartment houses and hotels was restricted, according to the minister.

Moreover, of the state's total real estate construction space of 168 million sq m [square meters] under construction, some 135 million sq m are for residential housing.

The minister said that there is a huge potential for housing construction in China, as the government has drawn up an ambitious plan to allot an average of eight sq m of housing space for each urban citizen by the end of the century.

To realize the plan, Hou added, at least an annual average of 150 million sq m of floor space need to be constructed in each of the remaining years of this century.

Zhu Rongji Addresses Meeting on Financial Supervision

OW0707042194 Beijing Central Television Program One Network in Mandarin 1100 GMT 28 Jun 94

[From the "National News Hookup" program]

[Text] A national work conference on supervision and control over financial institutions was held in Beijing recently. Zhu Rongji, vice premier of the State Council and governor of the People's Bank of China, attended the meeting and delivered an important speech.

The conference held: Since the last half of last year, branches of the People's Bank of China have done a great deal to firmly rectify the financial order and strengthen supervision and control over financial institutions, and have established a solid foundation for the rapid improvement of the national financial situation. At present, however, there are some problems in supervising and controlling financial institutions. Some local governments and departments have approved the establishment of financial institutions without authorization. Some branches of the People's Bank of China have violated rules and regulations, and overstepped their scope of approved businesses.

The conference stressed: The power of macroeconomic regulation and control in the financial area must be in the hands of the central authorities and there should be no wavering in this regard. The establishment of any financial institutions must have the approval of the People's Banks of China. Financial institutions are not allowed to operate without proper authorization.

Jiang Zemin Promulgates Real Estate Management Law

OW0707041394 Beijing XINHUA Domestic Service in Chinese 2110 GMT 5 Jul 94

[Text] Beijing, 6 Jul (XINHUA)—Presidential Decree No. 29 of the People's Republic of China:

The "Urban Real Estate Management Law of the People's Republic of China" was adopted by the Eighth Session of the Eighth National People's Congress Standing Committee of the People's Republic of China on 5 July 1994. It is hereby promulgated and will come into force on 1 January 1995.

[signed] Jiang Zemin, President of the People's Republic of China.

[dated] 5 July 1994.

Finance Minister Reports on 1993 State Final Accounts

OW0707053494 Beijing XINHUA Domestic Service in Chinese 0655 GMT 2 Jul 94

[Text] Beijing, 2 Jul (XINHUA)—At the State Council's request, Finance Minister Liu Zhongli today delivered a report to the eighth meeting of the Eighth National People's Congress [NPC] Standing Committee on the 1993 state final accounts.

Liu Zhongli said: In 1993, the state registered significant growth in both revenue and expenditure, with the financial deficit remaining below the budgeted figure, and overall budget execution proceeding well. According to the 1993 state final accounts which have been officially compiled, total revenue was 508.817 billion yuan, or 112.5 percent of the budgeted figure, whereas total expenditure was 528.742 billion yuan, or 111.8 percent of the budgeted figure. When revenue is set against expenditure, the deficit came to 19.925 billion yuan, 575 million yuan less than the budgeted figure. The central deficit was 20.477 billion yuan, 23 million yuan less than the budgeted figure, and the surplus posted by local governments came to 552 million yuan. Compared to the figures on budget execution reported at the Second Session of the Eighth NPC, total revenue and expenditure declined by 2.665 billion yuan and 3.24 billion yuan, respectively, contributing to a decrease of 575

million yuan in the deficit. Liu also reported at length on the status of compiling state revenue along the lines of a compound budget.

Liu Zhongli said: The national economy continued to grow rapidly in 1993, leading to a corresponding increase in financial resources. In particular, the central government instituted measures to tighten and improve macroeconomic regulation and control. Local governments generally improved the collection and management of various tax revenues; intensified efforts to collect back taxes piled up over the years; remedied the practices of granting tax reduction and exemption without authorization, refunding taxes at will, and tax farming in violation of fiscal and tax laws and rules; and stopped examining and approving requests for temporary tax reduction and exemption or tax reduction and exemption on grounds of financial distress. Consequently, the 1993 revenue exceeded the budgeted figure by a fairly wide margin, with revenue from product tax, value-added tax, and business tax alone surpassing the budgeted figure by 49.759 billion yuan. Moreover, other income in the regular budget increased substantially because of the strict implementation of the management system under which fines were imposed, illegal revenue was confiscated, and administrative revenue and expenditure were separated.

He said: It was mainly local revenue which exceeded the budgeted figure last year. According to the financial responsibility system in place at that time, local financial departments were allowed to budget expenditure with increased revenue after delivering fixed amounts of revenue to central coffers. Because of a substantial increase in budget revenue, local financial departments expanded spending on economic construction and other projects. In 1993, funds spent on technical transformation in enterprises; on agricultural production; and on cultural, educational, scientific, and public health programs were 16.79 billion yuan, 2.383 billion yuan, and 10.547 billion yuan more than the budgeted figures. In addition, excessive increases in employees' salaries in administrative and public institutions led to excessive expenditure, as operating expenses for administrative purposes and as operating expenses listed among other expenditures by other departments. This was also one of the factors leading to excessive expenditure in last year's budget.

Liu Zhongli said: There were mainly three glaring problems in executing the 1993 budget: 1) Despite substantial increases in national revenue and expenditure, the central government was in even greater financial distress because it failed to meet its budgeted revenue and expenditure. 2) Despite ever-deepening reform measures and market-based formation of most commodity prices, the state's subsidies for prices and losses incurred by enterprises still topped 70 billion yuan. Consequently, the heavy financial burden did not undergo major changes. 3) Expenditure was not budgeted rationally, with some items far exceeding the budgeted figures. On the one hand, local expenditure for economic construction, including capital construction investment and spending on technical transformation, vastly exceeded the budgeted figure because of the overextended scale of fixed assets investment and economic growth in excess of planned targets. On the other hand, employees in some localities could not draw their salaries on time.

He said: Other than factors in fiscal management, these problems were mainly caused by the way failings in the previous fiscal management system and administrative system manifested themselves during the course of budget execution. For this reason, we will seize on the opportune moment for deepening fiscal and tax reforms to change operating mechanisms, standardize our management practices, and improve our work so that the state's financial state will take a turn for the better at an early date.

BOC Head Inspects Flood Situation in Guangxi

HK0607132794 Nanning Guangxi People's Radio Network in Mandarin 1130 GMT 4 Jul 94

[Text] After inspecting the flood situation in Guangxi, Wang Qiren, party leading group secretary and president of the Bank of China, immediately decided to allocate an additional 200 million yuan special loan and 250 million credit fund to support the flood-afflicted enterprises in this region in restoring normal operations as soon as possible.

Between 27 and 30 June, Wang Qiren led officials of the Comprehensive Planning Department, the Accounting Department, and the General Office of the Bank of China Headquarters to inspect the flood situation in Wuzhou City, Cengxian County, Cangwu County, Liuzhou City, Guilin City, and Pingnan County of Guangxi, in the company of Gao Wuxue, party leading group secretary and president of the Guangxi Branch of the Bank of China. These were the cities and counties that were most seriously affected by the floods over the past weeks.

Hainan Government To Oversee Development of Spratlys

HK0707021394 Hong Kong MING PAO in Chinese 4 Jul 94 p A8

[By Lin Tzu-chieh (2651 1311 2212): "The South China Sea Is To Be Developed Under the Dual Leadership of the Central and Local Governments; the Basic Policy Is To Strengthen Administration]

[Text] China's current basic policy toward the South China Sea is to defend its sovereignty there by strengthening management over the area and stepping up development efforts there. Officials from the State Ocean Administration Bureau believe that the approval for setting up a marine office in Hainan Province—which will oversee dual central and local leadership with an emphasis on local initiative—will greatly benefit the

development of the marine industry in the South China Sea. The power to handle disputes with neighboring countries will remain with the central authorities.

An official with the State Ocean Administration Bureau who preferred to remain anonymous said in an interview with a MING PAO correspondent that the South China Sea lies within the jurisdiction of Hainan Province, and setting up a marine office will give Hainan, China's "large maritime province," more power to develop its resources and strengthen management, which in turn will help defend China's sovereignty over this area.

This official said that the State Ocean Administration Bureau originally had a branch bureau in Hainan which followed a dual leadership policy in which power was exercised by the central and local authorities, with the former assuming the primary role. This administrative structure was responsible for implementing the Bureau's plans for the South China Sea on behalf of the State Council, which meant the integrated management of the area. This consisted of monitoring, surveillance, defending marine rights, coordinating the development of marine resources, and protecting the marine environment.

Recently, the State Ocean Administration Bureau introduced a bureaucratic reform and changed the "bureau" into an "office," keeping it under dual central-local leadership but putting the emphasis on local initiative. The portfolio for the marine office will be determined by the provincial government, and its state counterpart will provide professional guidance. This reform has enhanced local decisionmaking powers and has enabled the local government to manage and develop the South China Sea according to local conditions.

The State Ocean Administration Bureau believes that this reform does not signal a relaxation of the central government's hold on sovereignty over the South China Sea. The official said that the decisionmaking powers of the central and provincial authorities are clearly differentiated. Disputes with neighboring countries over territorial rights are to be handled and decided by the central authorities and are off-limits to the local authorities.

The local authorities' decisionmaking powers primarily concern management and development. The official said that Hainan was one of the first provinces to acquire central authorization for managing and developing marine resources, and therefore has scrutiny and approval powers for sea-bed dredging, river drainage, the protection of the marine environment, and the development of marine resources.

According to China's administrative division, Hainan Province has jurisdiction over 3 million sq km of waters, including the Nansha [Spratly], Xisha, and Zhongsha Islands and their waters.

Government Increases Loans to Three Gorges Project

HK0707070894 Hong Kong EASTERN EXPRESS in English 7 Jul 94 p 8

[By Bruce Gilley]

[Text] China has injected additional government loans into the massive Three Gorges project in a bid to succeed in the race to dam the Yangtze River by 1997.

Communist Party officials hope to score a propaganda coup by taking back Hong Kong and taming the country's largest river in the same year.

But gaping holes in the funding plans for the Three Gorges project have raised the worrying spectre that the first stage of the dam may not be completed on time.

Xu Xiangsheng, the general manager of the Three Gorges branch of the People's Construction Bank of China (PCBC) told the Shanghai Xinmin Evening News that 2.25 billion renminbi [Rmb] (HK$2bn) had been raised up to June 20, about 45 percent of the total funds needed for the year.

The apparently rosy situation came about thanks to Rmb1.25bn in loans from the newly-created State Development Bank, double the overall target percentage for government loans that Beijing wants to shoulder for the project.

Xu said: "1994 is the year when preparation work for the main project begins. It is also the crucial year that will determine whether the river can be diverted by 1997.

"As a result, the question of whether funds arrive in time this year has become the critical factor in the smooth development of the project."

A total of Rmb5bn is needed this year to build a two kilometre diversionary channel as well as associated projects at Sandouping in Hubei province.

The lower sections of the main dam would then be laid on the dry river bed of the Yangtze by 1997.

"In 1997, when the Chinese government resumes sovereignty over Hong Kong, the Yangtze River will have been dammed," pledged Lu Youmei, president of the Three Gorges Development Corporation, last month.

The project has been hampered by a shortage of funds as a result of tight controls on fund-raising and the nationwide credit squeeze since last year.

The deputy director of the State Council's Three Gorges project construction committee, Guo Shuyan, admitted to Taiwan's China Times recently there was a funding shortage of Rmb20bn—or more than one-fifth of the total requirements for the 18-year project.

The entire project—including construction of the dam, resettlement of a million people and the building of

electric power plants—will cost Rmb95.4bn at 1993 prices. This is more than 10 times the original estimated costs in comparable prices when the project was first mapped out in 1980.

Lu Youmei said fund shortages were one of three "big difficulties" facing the project, in addition to the resettlement of residents in the dam area and the reduction of ecological damage.

Project managers have attempted to save money by forcing down prices on tender contracts and delaying expensive resettlement.

Engineers have deserted, while workers have called stoppages and strikes as a result of pay disputes and slow work progress caused by money shortages.

More than three-quarters of the 20,000 engineers hired by the Chinese dam construction company last year have left for better-paying jobs in coastal provinces, according to the China Times report.

Angry residents, whose homes will be flooded, have rioted over compensation payments and inadequate new living areas.

Xu said the Three Gorges branch of the PCBC would seek to mobilise "idle capital" to ensure the project did not suffer from inadequate funds.

About 70 percent of the total funds are expected to come from revenues from new power stations, a national electric power tax and loans from state banks.

The remainder is to come from some combination of stocks and bonds and foreign funding.

The misuse of Three Gorges funds for unrelated economic projects in Hubei and Sichuan provinces is believed to have exacerbated the capital shortages.

"We need to strengthen the management of the invested funds and improve the efficiency of the capital," Xu said.

Record Crude Oil, Natural Gas Yields in First Half

HK0607152094 Beijing CHINA DAILY in English 6 Jul 94 p 2

[By Chang Weimin: "Record 72.3m Tons of Crude Oil in First Half"]

[Text] Crude oil production in China in the first half of the year hit a record 72.38 million tons, thanks to technical progress and reform measures.

Of the total, 69.19 million tons were pumped by onshore oilfields, up 310,000 tons over the same period last year.

Offshore production during this period stood at 3.07 million tons, compared with 4.6 million tons for the whole of last year.

The production of natural gas increased by 162 million cubic metres to 8.03 billion cubic metres, of which 7.83 billion cubic metres were piped by onshore developers.

China produced 144 million tons of crude oil and 16.2 billion cubic metres of gas last year.

Officials of the China National Petroleum Corporation (CNPC), which oversees onshore oil operations, attributed the increases to correct strategies.

At a conference early this year, the CNPC decided to continue pumping oil from old oilfields in the eastern part, to ensure a stable production while accelerating exploration in the western part.

Following instructions from the State Council, the CNPC paid more attention to technical progress to deal with underground water-bearing strata.

New technical methods, together with corporate management reform measures, proved effective in stabilizing production.

In China, old onshore oilfields are concentrated in the eastern part while new ones are found in the west.

For example, the three basins of Tarim, Turpan-Hami, and Junggar, which are believed to hold big reserves of oil and gas, are located in Xinjiang Uygur Autonomous Region.

China's largest oilfield, Daqing, in the northeastern province of Heilongjiang, pumped 27.84 million tons of oil. The production quota for the whole year was set at 65.4 million tons.

Production of natural gas at Daqing stood at 1.2 billion cubic metres, 6.2 per cent more than the same period last year.

The second largest oilfield, Shengli, in Shandong Province, produced 15.46 million tons of oil, which represents 51.5 per cent of the yearly quota.

Oil production in Xinjiang and Liaohe was 3.99 million and 7.37 million tons respectively, both up 6.8 per cent.

A CNPC statement said that exploration is expanding in the three Xinjiang basins.

At the end of 1992, the CNPC discovered a large oil deposit in central Tarim. Confirmed reserves of oil in the basin increased to 280 million tons last year.

Several high-yielding deposits have been found in the basin's northern part recently.

New deposits have also been found in the provinces of Sichuan, Shaanxi, and Yunnan, the statement said.

CNPC officials said they expect more confirmed reserves of oil and gas in the next couple of years.

The China National Offshore Oil Corporation (CNOOC), encouraged by the production in the year's first six months expects output for the whole year to surpass six million tons.

Crude Oil Production Hits All-Time High

HK0607132894 Beijing CEI Database in English 6 Jul 94

[Text] Beijing (CEIS)—China's total crude oil production in the first half of 1994 hit an all-time high of 72.25 million tons, a slight increase of half a percentage point over the same period of 1993 and a little more than 50 percent of the state-set target for 1994, according to latest statistics. The total production includes 69.18 million tons of onshore oil and 3.07 million tons of offshore oil. Statistics also show that China's gross natural gas production during the January-June period stood above eight billion cu m, of which 7.8 billion was produced onshore and 200 million offshore. The figures indicate that China's oil and gas production maintained a trend of stable development, thanks to the implementation of the strategy of 'stabilizing oil output in China's eastern region while developing the western region,' said an official from the China national petroleum corporation. Oil production in the eastern part makes up more than 90 percent of the country's total. In western China's Xinjiang, oil production, after surpassing 10 million tons in 1994, kept an upward trend this year, he added. Experts predict that by the end of this year China's crude output will hit 146 million tons and natural gas production 16.4 billion cu m.

Shenzhen Bourse Suspends Trading on Technical Problem

HK0607125394 Beijing CEI Database in English 6 Jul 94

[Text] Beijing (CEIS)—Trading was suspended abruptly at the Shenzhen stock exchange on July 5 due to technical problems at a Beijing satellite station which is responsible for publicizing quotations and transaction information of the Shenzhen bourse.

According to officials with the stock exchange, business will resume as soon as the technical problems are solved.

Vice Minister Says Accounting Methods 'Taking Root'

OW0607145894 Beijing XINHUA in English 1405 GMT 6 Jul 94

[Text] Beijing, July 6 (XINHUA)—China's new accounting methods are taking root among domestic enterprises and that helps lay a good foundation for the ongoing enterprise reform, according to Vice-Minister of Finance Zhang Youcai here today.

The new accounting methods, which unify the management of enterprise financial books with international standards, were adopted on July 1, 1993.

Zhang said that the new methods brought complaints from some enterprises at the beginning of implementation, because red ink oozed from the enterprises' books under the new accounting codes.

The old methods usually masked true financial situations when firms were actually run at a loss.

But the complaints have given way to hearty support as these enterprises see that the new methods have brought them more autonomy in managing their own financial books and an increased share of profit at their own disposal.

The universally used accounting codes have also made it easier for them to read financial books of foreign firms and vice versa, said Zhang.

A Finance Ministry official disclosed that the state treasury will delegate financial power valued at 50 billion yuan this year.

Zhang said that the new accounting methods have contributed to the enterprise reform in three main aspects.

—They introduce the capital fund system which defines property rights clearly, at least in an enterprise's accounting books.

—They standardize the financial activities of enterprises such as fund-raising, investment, cost compensation and distribution of revenues.

—They have placed enterprises of varying ownership and business type on an equal footing and legalized financial and accounting management.

The vice-minister urged local governments and state departments to strengthen the management of enterprises and further improve their internal financial accounting work in order to see that the new accounting methods bear richer fruits.

Power Company Selected for New York Listing

OW0607185994 Beijing XINHUA in English 1502 GMT 6 Jul 94

[Text] Beijing, July 6 (XINHUA)—Huaneng Power International (HPI), one of China's first five companies selected for New York listing this year, is quietly trimming itself up in the hope of leading the listings.

"Its global offering and New York listing are expected later this month as far as the preparatory work goes," a well-informed source said today. "And it is eager to lead China's first batch of companies in the listing."

Five companies were selected and approved late last year by the China State Council Securities Committee to get overseas exposure in New York. They are China Eastern Airlines, China Southern Airlines, Huaneng Power International, Shandong Huaneng Group and Tianjin Steel Tube.

"Of course all the companies were carefully chosen and they are seriously preparing themselves for the listing," the source said. "But in my eyes HPI is in a better position to be the first."

HPI, China's first company specializing in raising foreign funds for power construction, now has five power plants—Dalian, Fuzhou, Nantong, Shangan and Shantou Gas Turbine—with a generating capacity totalling 2,900 mw [milliwatts].

Its parent company, Huaneng International Power Development Corporation, is the world's leading independent power producer. HPI's new and expansion projects are expected to bring the company's total generating capacity to 10,000 mw by the end of this century.

The source said HPI has used export credits, mixed government loans and commercial grants to import equipment and management as advanced and sophisticated as those available in developed countries.

Most of HPI's power generating units were imported from manufacturing giants such as Mitsubishi of Japan, General Electric of the U.S. and Alsthom of France.

"Now we employ half—even fewer—the number of staff as China's other plants with similar capacities," said an HPI official.

Huaneng belongs to China's heavily emphasized energy sector, whose rapid growth in the long run will ensure a stable return for investors, the source added.

He said Huaneng has a good reputation in the world. "If HPI can lead the New York listing, I believe this can pave the way for the other companies."

The corporation has chosen Lehman Brothers as its lead manager and global coordinator, Skadden & Arps to handle legal affairs, Arthur Anderson for financial auditing and Zhonghua Certified Public Accounting Firm for asset evaluation and performance review.

He said that the money raised through the listing would mainly be used for the second phase of the Dalian, Fuzhou, Nantong and Shangan Power Plants and the construction of the Dandong and Shantou Power Plants.

He said that HPI is to be expanded before long, in an effort to speed up the development of China's power sector, "an almost riskless area for investments."

China's power industry is undergoing rapid development to meet the country's unsatiable demands for energy resulting from fast economic growth. It is seeking overseas funds to accelerate this process and double the generating capacity to 300,000 mw by 2000.

Commentator's Article on Free Trade System

HK0707063694 Beijing RENMIN RIBAO in Chinese 2 Jul 94 p 2

[Commentator's article: "Establish a Free Trade System With Chinese Characteristics"]

[Text] The "Foreign Trade Law of the People's Republic of China" (referred to as the "Foreign Trade Law" hereafter) came into effect yesterday. This is a major event in China's economic life. The "Foreign Trade Law" meets the needs of deepening reform and opening China wider to the outside world and helps the domestic and international economies converge with and supplement one another. The promulgation and implementation of the law indicates that China has made major progress in its effort to establish a legal foundation for foreign trade.

Over the last 15 years since China introduced reform and opening up, it has made conspicuous achievements in expanding foreign trade. China's 1993 volume of imports and exports totaled $195.8 billion, 850 percent of the 1978 figure. China has risen from 32nd place in 1978 to its current 11th place in the table showing the foreign trade volume of major trade countries and regions in the world. Reform serves as a motive force driving development. If it had not been for the reform of the foreign trade system, the rapid development of China's foreign trade would have been unimaginable. The 14th CPC National Congress' decision to make the establishment of a socialist market economy the goal of China's economic restructuring further defined the orientation for foreign trade reform. The foreign trade law, which consolidates the orientation and achievements in the reform of the foreign trade system, serves as a legal foundation for deepening the reform of the foreign trade system and developing the productive forces in the field of foreign trade.

We should also be aware that, since China established trade ties with 220 countries and regions in the world, China's foreign trade has become an inseparable part of international trade, and the Chinese economy has forged close ties with the global economy. To expand and strengthen these ties, it is essential to step up economic legislation and promptly change the situation in which China's efforts to put foreign trade on a legal basis fail to meet the development needs of foreign trade. This is an objective prerequisite for helping the Chinese economy converge with other countries' economies and enabling them to supplement one another. The drafting and implementation of the "Foreign Trade Law" is undoubtedly a decisive measure in this respect.

The "Foreign Trade Law," a crucial step in setting up a free trade system with Chinese characteristics, basically provides the outline for this system.

With increasing numbers of entities engaging in foreign trade, the right to handle foreign trade will be gradually decentralized. At present there are 100,000 enterprises

engaged in foreign trade in China, among which 7,000 are enterprises enjoying the right to handle foreign trade and 90,000 are foreign-funded enterprises. This has completely broken the former monopoly of foreign trade, which was a lackluster situation. The provision on the right to handle foreign trade contained in the "Foreign Trade Law" serves to confirm this brand new situation in a legal form and creates favorable conditions for consolidating and expanding the achievements that have been made in the reform of the foreign trade system.

To develop a socialist market economy and enable it to converge with the global economy so that the domestic economy and the global economy converge with and supplement one another, it is necessary to standardize foreign trade activities in light of China's actual conditions and the general norms governing international trade. This is also a key problem which should be solved through the reform of the foreign trade system. We should basically transform the foreign trade control under the planned economy characterized by administrative examination and approval procedures and introduce a free trade system supplemented by the necessary approval procedures. China has made great efforts in this respect. From now on, aside from the imports and exports restricted and banned by the state laws and administrative regulations, all imports and exports falling into the international trade category will be free from control. Measures for restricting imports and exports, such as allocating quotas and issuing import or export licenses, should be applied in accordance with market economic principles. The role played by such a management system in standardizing foreign trade clearly falls in line with the requirements of China's socialist market economy and the general rules governing international trade. It has been confirmed by the "Foreign Trade Law," thus providing guidelines for foreign trade enterprises to manage and engage in foreign trade.

The increase in the number of enterprises engaged in foreign trade will inevitably intensify competition among them. This is a natural phenomenon under the market economy. Such competition should be fair and reasonable. This calls for a unified criterion for appraising the results of their behavior. To this end, many countries in the world have passed the relevant measures into law. By including all the measures that China has taken in the reform of the foreign trade system—so that the criteria for appraising the results of foreign trade activities will be unified and confirmed in a legal form—the "Foreign Trade Law" ensures that competition will be fair and reasonable.

The "Foreign Trade Law" represents a concentrated expression of the reform of China's foreign trade system as well as an important milestone in the history of China's foreign trade development. All departments in charge of foreign trade at all levels and all foreign trade enterprises must study and enforce the law well, regarding it as an important task. Leading cadres and responsible members of enterprises in particular should take the lead in studying and enforcing the law. Staff and workers engaged in foreign trade should set an example of studying, carrying out, applying, and observing the law; should gain a profound understanding of and disseminate the essence of the law; and should familiarize themselves with and strictly enforce all provisions contained in the "Foreign Trade Law." They should earnestly and perseveringly behave in accordance with the law, should put their work on the reliable legal foundation laid by the "Foreign Trade Law," and should prove to the world the inviolability and authoritativeness of the law through their actual deeds, so that the law will truly become our powerful weapon promoting foreign trade.

Textile Exports Rise 30.4 Percent to $11.5 Billion

HK0707070294 Beijing CHINA DAILY in English 7 Jul 94 p 2

[By Qiu Qi: "Textile Exports Hit $11b, Rising 30 Percent"]

[Text] China exported $11.5 billion worth of textile products in the first five months of this year, a rise of 30.4 percent.

Textile exports have outstripped imports and provided the industry with a surplus of $6.3 billion, a 53 percent rise over the same period last year.

The textiles sector which makes up 30.8 percent of the country's total exports, has been a strong force in China's foreign trade, said Wu Wenying, chairwoman of the China National Textile Council.

The rapid growth of textile exports has turned China into the world's second largest exporter after Hong Kong.

The sale of garments, which brings in more export earnings than any other textile products, reached $7.8 billion in the first five months of the year, a rise of 32 percent over the same period last year.

Garments made up 67.2 percent of the total textile exports, compared with 63.4 percent last year.

In the early 1980's, products such as pure cotton, polyester cotton yarn and cloth were China's major textile exports.

But over the past eight years, garment exports have grown at a rate of 28 percent.

Wu said the industry's export strategy in the next few years is to sell more high-grade garments and high value-added products, instead of simply increasing the volume of exports.

Today, China's garment exports are attractive to buyers because of their low prices.

But China's major export markets, including Japan, the European Union and the United States, have started

imposing limits on Chinese garment imports, prompting China to shift to high grade export products.

Hong Kong is the largest market for China's textile products, accounting for 37 percent of the country's total exports.

Japan, the U.S. and the EU are the next three biggest markets holding a stake of 18.7, 9 and 8.2 percent, respectively.

Textile imports also rose during the first five months of the year.

Imports of textile products were valued at $2.6 billion, up 13.5 percent over the same period last year.

And imports of textile materials jumped by 41 percent over the same period last year due to demands from domestic enterprises.

But despite the rise in exports, the growth of the textile industry has been rather slow. Wu said this is the result of the industry's restructuring and the lack of cotton materials.

And in the first four months of the year, the textile output was valued at 83.7 billion yuan ($9.6 billion), a rise of 4.3 percent over the same period last year. This compares to a 18.5 percent growth of the country's total industrial output over the same period.

Commentator Urges Boosting Auto Industry Growth

HK0707074794 Beijing RENMIN RIBAO in Chinese 4 Jul 94 p 2

[Commentator's article: "Implement the Auto Industry Industrial Policy, Promote the Healthy Development of the Auto Industry"]

[Text] Automobiles are the favorites of a modern society, and the auto industry is the representative of modern industry. How to develop China's auto industry has become the most popular topic of discussion, and it is the hottest industry at the moment. Today, this paper carries the "Auto Industry Industrial Policy" recently promulgated by the State Council. This industrial policy is an important document for guiding the development of China's auto industry and represents a major policy base for adjusting and optimizing the industrial structure and product mix at present and for some time to come. Conscientiously implementing the "Auto Industry Industrial Policy" has great significance for promoting the healthy growth of the auto industry.

China's auto industry has been developing for 40 years. In the 30 years prior to the start of reform and opening up, China's auto industry started from scratch, and this achievement should be affirmed. With the growth of the national economy, however, the defects inherent in the idea of developing the auto industry under the traditional economic pattern have been more clearly exposed. First, due to the lack of competition, auto products remained unchanged for 30 years, making it impossible to compare them with the international level in terms of product quality and technology. Second, the focus given to the development of tonnage trucks led to a structural imbalance characterized by the shortage of both heavy-duty and light vehicles. Third, as sedans were regarded as luxury articles, the sedan industry was practically not developed at all.

As reform and opening up deepened, the Chinese economy gradually merged into a global economic tide. Faced with the flourishing domestic market demands and high-level products from auto industries in other countries, China's auto industry at once showed its shortcomings. Over the past dozen years or so, the state has formulated a series of policies aimed at resolving a number of problems, such as poor product quality, low technology level, imbalanced product mix, and deficiencies in product variety. Not only have we increased output by leaps and bounds, we have also laid a foundation for the sedan industry and have enhanced the market awareness of the enterprises and management departments in the auto industry. The unitary, noncontinuous, and changeable nature of policies, as well as the mutual influence among them, has led to some new contradictions, such as the scattered development of the auto industry, the tendency to emphasize main engines at the expense of spare parts, the failure to develop economies of scale and bring down costs, overemphasis on protection, and the lack of an effective competition mechanism. The objective conditions show that the state must work out a long-term, steady, and comprehensive policy and create a good market environment suited to the growth of the auto industry so as to change once and for all the passive situation China faces in the development of its auto industry.

A panoramic view of the history of developed countries in developing their auto industries reveals one distinct feature: An industrial policy has created a precondition for the growth of auto industry. A perfect government industrial policy is the guarantee for the smooth and healthy development of the auto industry. Compared with the international level, China's auto industry is still at a starting-up and developmental stage. Judging from its present conditions, it can hardly meet the market demands of China's growing economy. Given the loose and chaotic industrial structure and weak industrial base, it is impossible to turn out products that are competitive on the world market. Furthermore, given the already existing unitary policies and measures, it is impossible to totally solve the issue of accelerating the auto industry's development. Therefore, it is entirely necessary for the state to formulate an auto industrial policy so as to guide its healthy development.

The "Auto Industry Industrial Policy" has been formulated on the basis of conscientiously studying the development history of the auto industry both at home and abroad, especially summing the lessons, both positive and negative, of the development of China's auto

industry since the start of reform and opening up, and in light of the present conditions of and the existing problems in our auto industry. The "Auto Industry Industrial Policy" is actually a group of policies. Not only has it explicitly determined the development focus of auto industrial products for some time to come and the development targets for different stages, but it has also set out the policies and measures of encouragement, support, restriction, and restraint. The government will chiefly rely on economic means to exercise macroeconomic regulation and control, improve market mechanism, and influence and standardize enterprises' economic behavior. This will be supplemented by the necessary administrative means so as to quicken the attainment of scale economic returns by enterprises in the auto industry.

The promulgation and implementation of the "Auto Industry Industrial Policy" shows that the state attaches great importance to the development of the auto industry. To promote the implementation of the policy, the various departments concerned should also coordinate and cooperate with one another and speed up the formulation of the corresponding measures for implementation and supporting policies. All localities should fully understand and comprehend the quintessence of the state's auto industrial policy and strictly enforce it. We should conscientiously handle well the relationship between partial and overall interests and between immediate and long-term interests and energetically support and organize cooperation between different localities and departments so as to promote the healthy growth of China's auto industry along a correct path.

Hubei, Xinjiang Report Grain, Animal Harvest

HK0607132994 Beijing CEI Database in English 6 Jul 94

[Text] Beijing (CEIS)—Hubei province, a major agricultural province in central China, is expected to yield 4.85 billion kg of grain and 975 million kg of rape seed this summer, up 2.7 percent and 24.1 percent respectively over a year earlier, according to provincial agricultural officials. Statistics show that the province has sowed 4.85 million ha of land to grain and 500,000 ha to cotton this year, an increase of 38,000 ha and 14,000 ha respectively over 1993. Meanwhile, northwest China's Xinjiang Uygur autonomous region, one of the country's five major pastoral areas, is celebrating its 17th consecutive harvest year of animal husbandry despite severe cold and blizzards earlier this year. According to statistics, the region had bred 44.21 million head of livestock by the end of June, 448,000 more than in 1993. In the first half of 1994, 5.54 million head of livestock were slaughtered, an increase of 489,600 head over a year earlier, and yielded 201,500 tons of meat, a rise of 23,300 tons. Local officials predicted that the per capita income of herdsmen in the region will increase 10 percent to about 770 yuan this year.

East Region

Anhui Launches Science, Technology Integration Project

OW0607115194 Beijing XINHUA in English 1057 GMT 6 Jul 94

[Text] Hefei, July 6 (XINHUA)—East China's Anhui Province has launched what is known as a "30-billion project" as part of the efforts to push up the economy by relying on science and technology and accelerate the process of the integration of the economy with the development of science and technology.

The 30-billion project refers to the goal of the province to achieve 10 billion yuan of income by high and new technology industries by the end of the Ninth Five-Year Plan period (1996-2000), add 10 billion yuan in gross profits by developing new products that have a considerable share of the market, and increase the output value of agricultural and the rural economy by 10 billion yuan also by the end of the Ninth Five-Year Plan period.

All this will be attained by applying new and high technologies. According to the plan, the province will enable science and technology to contribute to 44 percent of the total output value of industry and to 40 percent of the total output value of agriculture and rural economy by 1997 as the first step. Then it will go on to bring the figures to 50 percent and over 45 percent, respectively, by 2000.

To attain the goal, the province will pour 80 percent of the scientific and technical force into the main front of economic development, encouraging most of the research institutions to enter the market and devote their efforts to economic development. The province will also encourage scientists and technical personnel to go among the workers and into the rural areas where they are needed the most.

The province will make enterprises the main developers of technology and develop markets to facilitate the application of research achievements.

The provincial government promised to increase its input in the development of science and technology through all possible channels.

Anhui pioneered China's rural reforms and it is a big beneficiary of reforms, opening up and technological progress. Its GNP last year reached 94 billion yuan and its ranking in industrial output value was advanced to 12th in the country to reach the upper middle level.

A new pattern in the development of science and technology has basically taken shape over the dozen years of reform and opening up. The main framework consists of research institutes, institutions of higher learning, technology development organizations of enterprises and private research organizations. These organizations have trained about 700,000 scientists and technicians. The private research organizations have grown from several dozen a few years ago to more than 1,200, employing more than 10,000 people.

The new and high technology development zones in Hefei, capital of the province, and Wuhu and Bengbu cities have attracted more than 200 enterprises.

The gross profits of the Hefei new and high technology development zone last year was 120 percent more than in 1992.

Anhui has also made more than 7,000 research achievements over the past five years. Of these, 1.5 percent have reached advanced international levels and seven percent are of advanced levels in the country.

In addition, Anhui has extended scientific and technological co- operation and exchanges with a dozen countries and regions, and exported technologies to more than 40 countries and regions.

Fujian Secretary Meets Editor of Hong Kong Paper

HK0707082694 Fuzhou Fujian People's Radio Network in Mandarin 2300 GMT 5 Jul 94

[Text] On the afternoon of 5 July, at Fuzhou's Xihu Hotel, Jia Qinglin, secretary of the Fujian Provincial Party Committee, met Mr Wang Kuo-yao, deputy editor-in-chief of Hong Kong WEN WEI PO, who specially brought HK$2.5 million [Hong Kong dollars] of donations to disaster-stricken people in Fujian. Secretary Jia Qinglin first thanked Hong Kong WEN WEI PO for its loving care and financial support for the people in the flood-afflicted areas, and also thanked WEN WEI PO for its support for Fujian for such a long time in the past.

He said: Fujian is a province which is frequently afflicted by natural disasters. In order to guarantee the personal safety and property of the 30 million people in Fujian, the provincial party committee and the provincial government are arranging the construction of five major disaster resistance projects. First, a protection forest belt will be built along the coastline. Second, 4,800 km of flood resistance banks will be built along the rivers. Third, a flood warning system will be installed in the valley of the Min Jiang. Fourth, the province will join hands with the Central Meteorological Observatory in setting up an advanced weather forecasting system. Fifth, some water conservancy facilities will be built in the coastal areas.

Jia Qinglin also told Mr Wang Kuo-yao about the instructions General Secretary Jiang Zemin issued when he inspected Fujian. He said: General Secretary Jiang's talk greatly inspired and encouraged us and also pointed out the goal for our efforts. His instructions are of great guiding significance for our work. At present, the whole province, from top to bottom, is relaying the general secretary's instructions and is making efforts to fulfill this year's production tasks and other tasks. Provincial

leaders [Governor] Chen Mingyi, He Shaochuan, and Wang Liangtuan also attended the meeting.

Deputy Mayor Meng Jianzhu Meets U.S. Farmer in Shanghai

OW0707063494 Beijing XINHUA in English 0622 GMT 7 Jul 94

[Text] Shanghai, July 7 (XINHUA)—Shanghai's Deputy Mayor Meng Jianzhu went to the countryside to visit a "foreign vegetable grower" and help him solve problems, which gave the newcomer great encouragement.

Jesse H. Rong, 50, came from Minneapolis in the U.S. six years ago to Shanghai's Pudong Area to go in for soil testing research. He then got a better understanding of the need for "western vegetables" in Chinese market.

In June last year he and his wife signed a contract with a village in Pudong to lease 36 mu (2.4 ha) of vegetable land. Since then he has successfully transplanted 318 kinds of western vegetables there.

Meng expressed his support for Rong's introduction of the advanced agricultural technology and fine varieties of vegetables to shanghai.

He said that Shanghai not only welcomes foreign investors to set up enterprises and commercial ventures, but also encourage them to invest in agriculture.

Reports show that Rong's vegetables receive a warm welcome from Shanghai residents. The big hotels in Shanghai, and even in other cities like Dalian and Chongqing, rush to buy his vegetables.

Shandong Secretary Discusses Role of Party Schools

SK0707023394 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 6 Jul 94

[Text] At the provincial meeting on the work of party schools, which ended on 6 July, Jiang Chunyun, secretary of the provincial party committee and president of the party school of the provincial party committee, stressed in his speech that studying and mastering Comrade Deng Xiaoping's theory of building a socialism with Chinese characteristics and using this theory to guide the practice of reform and construction is a major political task of the party as a whole.

Li Wenquan, deputy secretary of the provincial party committee, presided over the meeting.

Jiang Chunyun pointed out: We should fully understand that arming the whole party with the theory of building a socialism with Chinese characteristics is extremely important. So far as we leading cadres are concerned, in judging whether we are steadfast politically, are correct in work orientation, can successfully carry out reform, opening up, and economic construction, and can meet the demands of new situations and tasks, what is most essential is to see whether we have truly studied and mastered Comrade Deng Xiaoping's scientific theory. Along with the deepening of reform, the expansion of opening up, and the all-round promotion of the building of two civilizations, new circumstances, new problems, and new contradictions are emerging in an endless stream, and strengthening the study of this theory has already become a task of the whole party which brooks no delay.

Jiang Chunyun pointed out: Party schools are not only schools devoted to training leading cadres and providing the theoretical backbone for the party, but also institutions devoted to conducting theoretical research. Such a special position and nature has set apart party schools as high-level teaching and researching units that use the theory of building socialism with Chinese characteristics to arm the whole party. Party schools at all levels and all their educational workers should further strengthen the sense of mission and the sense of responsibility and should make a determined effort to do their work well by truly proceeding from the features of party school education and from the special role played by party schools in arming the whole party with the theory of building socialism with Chinese characteristics.

Jiang Chunyun stressed: We should deepen the reform of party schools and make great efforts to raise the province's party school work onto a new level. We should gradually establish and perfect the educational system of party schools, the scientific research system, and the management system with Chinese characteristics, help the party train professionals who possess ability and political integrity, facilitate the theoretical building of the party and the scientific policymaking of party committees and governments, and serve the development of reform, opening up, and socialist modernization.

Jiang Chunyun emphatically pointed out: Running party schools with the efforts of the whole party is a fine tradition of our party, and party committees paying attention to and strengthening leadership over party schools constitutes the fundamental guarantee for running party schools successfully. Party committees at all levels in the province should further enhance their understanding of the position and role of party schools, pay attention to the construction of leading bodies and ranks of party schools, truly implement the training plans and rotational training of cadres, and improve the conditions for running party schools in order to ensure the constant development of party school undertakings.

Shandong Achievements in Crime Control Reported

SK0607125594 JinBn DAZHONG RIBAO in Chinese 24 Jun 94 p 1

[Text] On the afternoon of 22 June the provincial discipline inspection commission, the provincial supervisory department, and the provincial people's procuratorate, jointly sponsored a press briefing to announce the situation created by the province since the beginning of

this year in waging the struggle against corruption and in handling serious and appalling cases.

According to the reporter's dispatch from the press briefing, the discipline inspection and supervisory organs as well as the procuratorial offices at all levels throughout the province have succeeded in investigating and handling serious and appalling cases since the beginning of this year by regarding the investigation and handling as an important work to safeguard the social and political stabilities and to promote the programs of reform and opening up as well as of economic development. They have also scored marked achievements in the investigation and handling by enhancing their measures and reinforcing their dynamics in this regard. From January to May this year, the discipline inspection and supervisory organs throughout the province accepted 29,000 cases reported or accused by the masses; registered 3,584 cases; and wound up 2,432 cases, in which 1,836 offenders were handled with the sanctions of party and administrative disciplines. Of these offenders, 21 are cadres at the county-section level and 226 are cadres at the township-unit level. In handling these cases, they recovered more than 12 million yuan of economic losses. The procuratorial organs throughout the province accepted 9,818 clues of economic crimes reported by the masses, registered 1,930 cases for investigation, wound up 1,128 cases, arrested 517 offenders, and prosecuted 457 cases. In handling these cases, they recovered 48.72 million yuan of economic losses.

According to the dispatch, major characteristics cropping up in investigating and handling these cases in the first five months this year are as fellows: 1. The number of investigated and handled cases is the largest compared with the same period in the past. 2. The number of investigated and handled serious cases showed a large-scale increase. During the January-May period, the discipline inspection and supervisory organs registered and investigated as well as handled 511 serious and appalling cases, an 8.8-time increase over the same period of 1993. Of these cases, 108 were committed by cadres at the county-section level; 338 involved in more than 10,000 yuan of embezzled money; and 61 were committed by criminal rings. The procuratorial organs investigated and handled 34 economic cases committed by cadres at or above the county-section level, a 3.85 percent increase over the same period of 1993. Of these cases, three offenders are cadres at the department-bureau level; 31 offenders are cadres at the county-section level; and 15 cases involved more than 10,000 yuan of embezzled money. 3. The proportion of appalling cases in the total was higher. The 549 appalling cases of embezzlement and bribes, which were registered and investigated by the procuratorial organs, accounted for 43.8 percent in the total. 4. New progress was made in investigating and handling the cases committed by the leading organs of the party and the government and by the key departments. 5. The number of offenders who surrendered themselves to the public authorities increased. Under the influence of the principle and policy of the anticorruption struggle and the deterrence of the state law, more than 100 offenders surrendered themselves to the procuratorial organs. Of these offenders, two are of cadres at the department- bureau level and four are at the county-section level.

It was pointed out at the press briefing that the discipline inspection and supervisory organs, as well as the procuratorial offices across the province had scored certain achievements in investigating and handling serious and appalling cases. However, we should not overestimate their achievements and should soberly note that the progress in the work to investigate and handle cases has not been even. Many cases in some localities have not been handled yet and some deeply covered cases have not been exposed. Some localities and departments still have the problems of hiding the cases and delaying the investigation of them due to the interference of personal relation network and of interceding for offenders. Some localities have had no sufficient dynamics in investigating and handling cases, have been slow in making progress in this regard, and have given lighter punishment to offenders. It was urged at the press briefing that the discipline inspection and supervisory organs as well as the procuratorial offices at all levels should realistically grasp the work to investigate and handle serious and appalling cases by regarding it as an important political task. They should further heighten their spirit; enhance their confidence; concentrate their efforts; reinforce their measures; and vigorously investigate, handle, and punish a large number of serious economic offenders so as to have the anticorruption struggle achieve deep-going, steady, and more effective development.

Shandong Reaps Record Summer Grain Crop

HK0607125994 Beijing ZHONGGUO XINWEN SHE in English 0938 GMT 6 Jul 94

[Text] Jinan, 6 Jul (ZHONGGUO XINWEN SHE)—Shandong Province has seen a succession of good harvests of summer grain crops and there is no exception this year. With a total output of 20.5 billion kilograms, Shandong has created another record.

Last year more than 60 million acres of land were sowed with wheat. Although there was an attack of drought in spring, with experienced and good management, the wheat grew well, ripened quickly, and was reaped and stored efficiently.

Central-South Region

Guangdong Regulations Reinforce Ban On Imported Cars

HK0607153094 Beijing CHINA DAILY in English 6 Jul 94 p 3

[By Li Jin: "Guangzhou Clamp On Official Cars"]

[Text] Guangzhou has issued regulations to reinforce the ban on government officials using expensive imported cars. No official can have a car worth more than 500,000 yuan ($60,000).

It also will not allow government cars to carry special number plates. Only civilian plates are to he used.

This move is apparently taken to prevent official cars from using the special plates to gain privileges on the road.

The imported car ban was introduced by the central government to reduce extravagance. However, the policy has never been well observed in this prosperous city.

The seriousness of the problem has caught the attention of the Central Commission for Inspecting Discipline. It will conduct an investigation later this month.

According to the regulations government officials who are using luxury cars have to change to such domestic cars as the Peugeot. Audi and Santana in the 300,000 yuan ($36,000) price bracket.

Those driving foreign cars costing less than 500,000 yuan are also encouraged to switch to domestic models.

According to Su Tian from the Quota-granting Department of the Municipal Government, most of the major officials at the municipal level are using Crown 3.0S, which cost about 400,000 yuan ($48,000) each.

"But some officials from the eight districts and four subordinate counties drive more expensive models," Su said.

They get licences for their cars through channels other than his department.

"To avoid being checked by us the officials usually prefer to spend a little more money and get a licence from the local vehicle administrations," Su explained.

The problem is especially serious in Panyu County, notorious for smuggling activities.

Guangdong Development Zone Attracts Overseas Investment

OW0707040994 Beijing XINHUA in English 0328 GMT 7 Jul 94

[Text] Guangzhou, July 7 (XINHUA)—The Nansha economic and technological development zone, one of Guangdong Province's major projects in the 1990s, has drawn several overseas investors.

Enjoying an ideal geographic location on the Pearl River, the zone, which is 38 sea miles away from Hong Kong, 41 sea miles from Macao and 54 kilometers from Guangzhou, has approved 85 overseas-funded projects with contracted investment of 1.3 billion U.S. dollars.

The overseas investors are from the United States, Japan, Germany, Canada, Singapore, Australia, and Hong Kong and Macao.

In May of 1993, the Nansha development zone was approved by the State Council.

It is learned that Nansha has 32 square kilometers to be opened up.

Henry Ying Tung Fok, president of the Chinese General Chamber of Commerce of Hong Kong, has invested 700 million H.K. [Hong Kong] dollars in the eastern part of the zone for port construction.

An official of the administration of the zone said that Henry Ying Tung Fok also planned to undertake eight major projects from 1994 to 1999, including a light railway from Nansha to Guangzhou and an international trade center.

By the end of last year, the infrastructural construction of the zone had cost 800 million yuan.

Now a 75-minute navigation route from Nansha to Hong Kong has opened to traffic.

Experts said that in the next five years, Nansha will become a modern city with 60,000 people.

Guangdong Takes Measures To Protect Farmland

HK0707070394 Beijing CHINA DAILY in English 7 Jul 94 p 3

["Guangdong Tightens Grip on Land Use"]

[Text] Guangdong Province in South China has just completed a farmland protection scheme, saving 2 million hectares of arable land from being used for other purposes.

And now that the provincial government knows how much farmland it's got, it can start to review next year's construction projects, most of which plan to take away farmland.

The move comes in the wake of large-scale construction plans and a sharp decline in agricultural acreage. The Guangdong project, which was reported in the Guangzhou Evening News earlier this week, aims to halt this continuing farmland decline.

The move towards land reclamation began last year, when the provincial government signed a "farmland protection" contract with local officials. The contracts demanded that the officials protect a certain designated acreage of land for farm use.

By the end of last month, all the local government officials had completed the land-designation task; a task which was seen by locals as "the strongest" farmland protection measure ever taken by the provincial government.

Now the provincial government is busy screening proposals, as far ahead as 1997, that plan to take away farmland.

Most of these planning proposals are requests for urban construction, building real estate, golf courses and industrial parks.

The screening of proposals is part of the government's new plan to consolidate its farmland protection policy. It intends to introduce a comprehensive arable programme over a six-year period.

The first three years—1995 to 1997—would be spent strengthening the existing farmland policy to reclaim land.

The second period—1998 to 2001—would be spent setting up a standard and scientific arable land body to administrate the protection scheme. The provincial government has already submitted the six-year blueprint to the province's National People's Congress for approval.

Since 1991, about 178,000 hectares of Guangdong's arable land has been turned to non-agricultural use.

About 25 percent of arable land lost in the past decade has been used to build large golf courses, factories, houses and office blocks.

Golf courses in particular have used a large amount of arable land. There are 40 golf courses now compared to 12 in 1991.

Half of the development zones in the province started construction before winning the necessary approval, according to the Guangzhou Evening News.

But now, most cities have met the government's farmland protection target.

Last year, 80,000 hectares of farmland in the province disappeared, leaving 0.036 hectares per capita.

While Guangdong's farmland record is perhaps the second worst tally in the country, the story is different elsewhere.

Overseas Banks in Shenzhen Profitable

OW0707041094 Beijing XINHUA in English 0332 GMT 7 Jul 94

[Text] Shenzhen, July 7 (XINHUA)—With a fine investment environment and high economic growth rate in Shenzhen, the first special economic zone in China, overseas banking agencies here are making profits.

Statistics show that 70 percent of the overseas banking agencies in Shenzhen made profits last year totalling more than 300 million yuan (about 34.5 million U.S. dollars).

The figures also indicate that the agencies made more profits in 1993 than in the previous year, and those agencies recording losses in 1992 finished in the black last year.

Four agencies doubled their profits in 1993 compared with the previous year. They are the Shenzhen branches of Fuji Bank, Bank of Tokyo and Sanwa Bank Ltd. of Japan and the Bank of East Asia of Hong Kong.

Since the first overseas bank, the Hongkong Nanyang Commercial Bank Ltd., was set up in Shenzhen in 1982, 42 banking agencies from Japan, the United States, France, Britain and the Netherlands have opened for service in the economic zone.

One city official in charge of the affairs involving overseas banks said that financial supervision, taxation, legislation and consulting services in Shenzhen help overseas agencies make profits, and more overseas banks are welcome to open for business in Shenzhen.

Complaints Lead to Cancellation of Shenzhen Complex

HK0607125794 Beijing ZHONGGUO XINWEN SHE in English 0824 GMT 6 Jul 94

[Text] Shenzhen, 6 Jul (ZHONGGUO XINWEN SHE)—Shenzhen government has decided to ban construction of the new golf course as well as golf practising ground.

For a period of time, there has been a craze about building golf courses in Shenzhen. To date eight golf course projects have been approved. Some have been completed and open to public, some are under construction. Such density in one city is non-existent in other parts of the Mainland and rare in the West.

According to international criteria, a standard golf course occupies 1,000 mu of land. However, the size of those in Shenzhen has all far surpassed it. Land in Shenzhen is extremely precious. To build so many golf courses in Shenzhen has aroused inquiring and criticism from members of Municipal People's Congress and People's Political Consultative Conference. One golf course in Baoan is as large as 4,000 mu, which, many doubt, will be used for other purposes on the sly such as speculation on real estate.

Hainan Speeds Up Construction of 24 Key Projects

OW0707063394 Beijing XINHUA in English 0614 GMT 7 Jul 94

[Text] Haikou, July 7 (XINHUA)—South China's Hainan Province is now engaged in the construction of 24 key projects, most of which involve infrastructure.

These projects include the piping of natural gas from the mainland to Hainan island, one airport each in Haikou

and Sanya, a generating unit of a hydropower station, and an oil refinery with an annual processing capacity of six million tons.

After the gas supply project is completed it will be able to pipe 524 million cu m [cubic meters] of natural gas a year.

Irrigation work to be completed next year will irrigate a farmland area of 12,700 ha.

Li Zhonghe, director of the provincial key project construction office, said that Hainan will pour five billion yuan into the construction of the 24 projects this year. So far, two billion yuan has been utilized.

The investment environment will be greatly improved after these projects are finished in a few years' time, Li noted.

Hunan Secretary Urges Paying Attention to Pollution

HK0607152494 Beijing CHINA DAILY in English 6 Jul 94 p 3

[By Zhu Baoxia: "Stop Pollution, Help Keep Hunan Clean and Green"]

[Text] Changsha—A senior leader of Hunan Province has called for more publicity and tighter law enforcement to protect the environment.

This move will help the province achieve its target of making Hunan cleaner and greener by the turn of the century.

Wang Maolin, secretary of Hunan Provincial Communist Party Committee, stressed that priority must be placed on controlling pollution from township and individual enterprises, especially the nonferrous metallurgical industry.

Wang, the former Shanxi Provincial Communist Party Committee secretary who took up the current position eight months ago, said that after inspecting 60 counties, he found that industrial pollution is very serious in the province, which is rich in nonferrous metals.

He said that at least 60 to 70 percent of the metallurgical units are violating state requirements.

In the Leiping Mineral District of Qinglan Town, in Guiyang County, the rapid growth of the arsenic refining industry has severely damaged the surroundings.

The poisonous chemical turned the once-green hills barren and contaminated the nearby fields and drinking water.

Many of the local people suffered skin ailments through long-term contact with the chemical.

And yet more people are coming here to make money from manufacturing and selling arsenic.

Each arsenic refining kiln, which costs some 3,000 yuan ($345) to build, can bring a net income of over 4,000 yuan ($460) a month.

Local governments have banned individuals from refining arsenic since the late 1980's.

Some 600 kilns were blasted away in the past five years and over 200 tons of refined arsenic were confiscated.

As a results some of the hills are becoming green again

"Many county and township goverment officials seek only short- term benefits. They think nothing of damaging the environment for the sake of profits," the provincial party committee secretary said.

According to a report from the provincial environmental protection bureau, industrial pollution in Hunan is very serious.

Although the province is somewhere in the middle among the 30 provinces in terms of industrial output value, it is the third biggest producer of industrial waste water in the country.

About two billion tons of waste water are discharged each year, with over 90 percent coming from industries. About 40 per cent is discharged into the surroundings untreated.

More than 200 rivers and 50,000 hectares of land are contaminated.

The discharge of waste gas increased by 5.9 per cent last year compared to the year before The excessive discharge of sulpur dioxide into the atmosphere has worsened the acid rain in the province.

Hunan Holds Meeting on Introducing Foreign Funds

Five Zones, One Corridor Given Priority

HK0707105694 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 4 Jul 94

[Text] The meeting held by the provincial party committee and government on using foreign funds was concluded on 4 July in Changsha. Principal party and government leaders Wang Maolin, Chen Bangzhu, Yang Zhengwu, Chu Bo, Liu Zheng, Hu Biao, and Tang Zhixiang addressed the meeting. They required local authorities at all levels and all departments concerned to further unify their thinking, increase work intensity, and mobilize all social strength so as to propel this province's work in the use of foreign funds to a new stage of healthier, more lasting, and rapid development.

The work of using foreign funds in this province began in 1979. Up to the end of May this year, the cumulative amount of foreign funds introduced by the whole province reached $3.24 billion in foreign funds, while at the same time, 2,802 foreign-funded enterprises were set up. Direct investment made by outside businessmen

amounted $1.989 billion, and external funds actually used amounted to $722 million. Hunan has made definite achievements in the use of foreign funds, but the cumulative amount of foreign funds being used remains modest as compared with other advanced provinces. Not many foreign investment projects were important and major projects. The investment environment was still unsuited to the needs of introducing foreign funds. In order to overcome such shortcomings, the provincial party committee and government required all local governments and all departments to broaden the channels for attracting foreign investment, optimize the structure of foreign investment, and guide the work of introducing foreign funds to a broader scope and a higher level.

The meeting pointed out: At present, there are more than 100 financing and investment patterns in the international market, but this province has adopted fewer than 10 of them. Therefore, this province should actively broaden the scope and diversify the forms of using foreign funds. Action can be taken in the fields of listing shares and bonds with some enterprises in the international market, and arranging the transfer of the property rights, shares, and management rights of some enterprises in such forms as auctions, leasing, and selling. A number of promising enterprises that are running with good economic efficiency and possess substantial assets can be selected to carry out pilot schemes and make bold explorations.

The meeting stressed: For a certain period to come, it will be necessary to guide external investment to infrastructural construction, especially energy production, transportation, communications, high-efficiency agriculture, basic industries, and the technological transformation of large and medium-sized enterprises. At present, this province should give priority to the development of five zones and one corridor, and effectively invite and attract investment to these areas. The development of these areas will bring along the economic development in the whole province at a much faster speed.

Further Utilization Urged

HK0707074694 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 4 Jul 94

[Text] The meeting held by the provincial party committee and the provincial government on using foreign funds concluded on 4 July in Changsha. Principal party and government leaders [Party Secretary] Wang Maolin, [Governor] Chen Bangzhu, Yang Zhengwu, Chu Bo, Liu Zheng, Hu Biao, and Tang Zhixiang attended the meeting and spoke. They required the local authorities at all levels and all departments concerned to further unify their thinking, increase work intensity, and mobilize all social strength to push ahead this province's work in the area of using foreign funds into a new stage of healthier, lasting, and rapid development.

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Leader Addresses Meeting

HK0707110394 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 5 Jul 94

[Text] Local authorities and departments at all levels, and especially leading cadres at all levels in this province, must firmly hold to the new concept that opening up is also productivity. With greater courage and determination, they should make greater efforts and adopt more effective measures to propel to a new stage the work of inviting foreign investment to this province. Wang Maolin, secretary of the provincial party committee, repeatedly stressed this point on 4 July at the provincial conference on using foreign funds.

In his speech on emancipating the mind, making positive explorations, and seeking new ways to introduce external investment and foreign funds, Wang Maolin pointed out: Although this province has achieved initial results and made certain breakthroughs in the introduction of external investment and the use of foreign funds, there remains a major gap between our performance and that of other provinces in terms of adaptability and courage. He required local authorities and departments at all levels in this province to fully understand the importance of using foreign funds. The introduction of external investment and the use of foreign funds should be taken as a major step in helping enterprises halt business losses, make profits, and improve economic results, and also in boosting Hunan's economy as a whole.

When talking about the new ways to invite external investment and use foreign funds, Comrade Wang Maolin stressed: It is necessary to replace the simple pattern of inviting investment for specific projects with the more complex pattern of combining the single-project-based investment arrangements with the financial arrangements in the international finance market, and replace the introduction of separate investment in small projects with the introduction of large-scale syndicated loan arrangements. Using foreign funds in a passive way should be changed into taking the initiative to seek and use foreign funds. In concrete practice, it is necessary to accelerate the pace of launching Chinese-foreign joint ventures and using foreign funds under the joint-stock system. The scope of absorbing foreign funds should be expanded. The assets of state- and collective-owned enterprises may be wholly or partly transferred to external investors through selling or leasing such assets. Thus, this province's work of using foreign funds can be raised to a new stage.

Southwest Region

Guizhou Increases Cooperation With Other Provinces

OW0607132794 Beijing XINHUA in English 1301 GMT 6 Jul 94

[Text] Guiyang, July 6 (XINHUA)—Inland Guizhou Province in southwest China has made its economy stronger by enhancing ties with other regions of the country.

Statistics show that in the past decade Guizhou took in more than 2.4 billion yuan (about 275.8 million U.S. dollars) from outside the province. At the same time it exported materials such as coal and aluminum worth ten billion yuan.

This kind of co-operation started at the beginning of China's overall economic reforms, in the late 1970s, on the basis of mutual benefit to meet the needs of the growing market economy.

Business has shifted from redistribution of materials at the beginning to widespread co-operation involving industry, agriculture, energy, mineral exploration, commerce and trade, science and technology, and finance.

In this effort the inland province is able to establish economic contacts with overseas countries and regions by managing harbors or setting up economic development zones in adjoining coastal or riverside areas.

On the other hand, Guizhou and its neighbors are now able to carry out some of the nation's regional joint development programs, such as a huge project to send electricity from western China to the eastern part of the country, where power is in short supply.

Sichuan Leaders Meet Hong Kong CPPCC Delegation

HK0607125694 Chengdu Sichuan People's Radio Network in Mandarin 1100 GMT 3 Jul 94

[Text] At a hotel in Chengdu today, Sichuan leaders today met an inspection delegation of members of the National Committee of the Chinese People's Political Consultative Conference [CPPCC] from Hong Kong. Those attending the meeting included Xie Shijie, Yang Xizong, Nie Ronggui, Song Baorui, Qin Yuqin, [words indistinct], and other leaders of the provincial party committee, the provincial people's congress, the provincial government, and the CPPCC provincial committee.

Secretary Xie Shijie delivered a welcoming speech to the visitors. On behalf of the provincial party committee, the provincial people's congress, the provincial government, and the CPPCC provincial committee, and also on behalf of the 110 million people in Sichuan, Xie Shijie expressed a warm welcome to the CPPCC members' visit to Sichuan. He said: This is the first time that CPPCC National Committee members from Hong Kong have organized a delegation to visit Sichuan in the past more than 40 years. The inspection visit certainly will promote Sichuan's reform and opening up, as well as the province's material and spiritual civilization. Through the inspection, the ties between Hong Kong and Sichuan will be strengthened, and Hong Kong people's understanding of Sichuan will be increased. This will be conducive to increasing Hong Kong investors' confidence and to ensuring the healthy development of Sichuan's economy.

Lee Tung-hai, head of the inspection delegation and member of the Standing Committee of the CPPCC National Committee, expressed his gratitude for the warm reception accorded by the Sichuan people.

Tibet Publishes Budget Report

OW0707030594 Lhasa XIZANG RIBAO in Chinese 10 Jun 94 p 3

["Report on the Tibetan Autonomous Region's 1993 Final Account and the Draft 1994 Budget" delivered by Pingcuo, director of the autonomous regional financial

department, at the Second Session of the Sixth Tibet Autonomous Regional People's Congress on 15 May]

[Text] **Fellow deputies:**

On behalf of the autonomous regional people's government, I now submit a report on the Tibetan Autonomous Region's 1993 final account and the draft 1994 budget for your examination. Members of the Chinese People's Political Consultative Conference and other nonvoting participants are also welcome to offer your suggestions.

I. The Final Account of 1993

In 1993, under the guidance of the guidelines of the 14th CPC National Congress and the Fourth Enlarged Plenary Session of the Fourth Tibet Autonomous Regional Party Committee and in accordance with the goal of establishing a socialist market economy, people of all nationalities across the region endeavored to speed up economic development, deepen reform, and open up wider to the outside world. Fresh progress was made in all trades and professions and a heartening situation characterized by economic growth, political stability, national unity, and social progress emerged. Good harvests were reaped in crop and livestock farming; production in the industrial and communications sectors registered steady growth, and construction of infrastructure facilities proceeded smoothly. Foreign trade and tourism maintained good growth momentum; the market was brisk, prices were for the most part stable, and people's living standards continued to improve.

The regional budget adopted at the First Session of the Sixth Tibet Autonomous Regional People's Congress was as follows: Regional revenues: 80 million yuan; total regional expenditures: 1,280,326,000 yuan. In the course of implementing the budget, the central government added special funds and special subsidies amounting to 592,340,000 yuan. Consequently, the budgeted expenditure was readjusted to 1,872,666,000 yuan. The budget was executed as follows: Revenues in the form of subsidies from the central government, 1,709,460,000 yuan; regional revenues, 156,010,000 yuan, 195 percent of the budgeted figure for the year, up 47,320,000 yuan or 43.5 percent, over the previous year; and money transferred from outside the region totalled 85 million yuan. The region's total revenues were 1,950,470,000 yuan. The region's expenditures were 2,160,120,000 yuan, amounting to 115.3 percent of the budgeted figure, up 498,920,000 yuan, or 30 percent, over the previous year. If we compare revenues with expenditures, there was a 209,650,000 yuan deficit. If we deduct the 127 million yuan supplementary expenditure for industrial reform, the actual deficit was 82,650,000 yuan.

The main revenue and expenditure items are as follows:

Revenues: Industrial and commercial tax receipts, 175.6 million yuan, 145.1 percent of the budgeted figure; business and regulatory tax receipts from state-owned enterprises, 64.54 million yuan, 149.1 percent of the budgeted figure; planned subsidies for losses by state-owned enterprises, 128.34 million yuan, 107.8 percent of the budgeted figure; key state energy and communications project funds, 20.29 million yuan, 156.1 percent of the budgeted figure; revenues from leasing of state-owned enterprises delivered to the treasury, 12.56 million yuan, 172.1 percent of the budgeted figure; and other revenues, 32.58 million yuan, 120.7 percent of the budgeted figure.

Expenditure: Expenses for capital construction, 368.17 million yuan, or 102.1 percent of the revised budgeted amount (same hereinafter); expenditures for supporting production in rural areas, 104.51 million yuan, 96.4 percent of the budgeted amount; industrial and communications departments' operating expenses, 69.45 million yuan, 102.8 percent of the budgeted amount; cultural, educational, and public health services expenses, 398.29 million yuan, 105.4 percent of the budgeted amount, of which educational spending was 190.19 million yuan, 106.7 percent of the budgeted amount; pensions for the disabled and families of the deceased and social welfare relief payments, 54.07 million yuan, 97.5 percent of the budgeted amount; administrative expenses, 342.78 million yuan, 108.3 percent of the budgeted amount; public security, procuratorial, and judicial departments' expenses, 87.97 million yuan, 121.9 percent of the budgeted amount; and miscellaneous expenses, 424.73 million yuan, 138.6 percent of the budgeted amount.

Analyses and explanations on the above financial revenues and expenditures are provided hereupon:

(1) After breaking the 100 million yuan mark in 1992, regional financial revenues rose to a new level of 156 million yuan, up 43.5 percent over the previous year and outpacing the growth of the region's total annual output value of goods and services. The main reasons are: 1. Fresh development of the regional economy. The region's total goods and services output value for 1993 topped 3.65 billion yuan, up 8.1 percent over the previous year in terms of comparable prices. The second and tertiary industries saw particularly rapid development, registering 16.6 percent and 9.5 percent growths over the previous year, respectively. Economic development provided the basis for increasing local financial revenues. 2. Party committees at all levels paid further attention to financial and taxation work and strengthened leadership over such work to create a favorable external environment for finance and taxation departments to carry out their duties. 3. Thanks to the deepening of enterprise reform and the transformation of operating mechanisms, economic efficiency improved markedly among enterprises, with less enterprises operating at a loss. Industrial and communications output enjoyed sustained growth with the sales to production ratio reaching 94.85 percent; in foreign trade, the total import and export volume topped $100 million, up 55.4 percent over the previous year; tariff revenues and

financial revenues contributed by foreign trade enterprises increased 26.5 percent and 43.7 percent respectively over the previous year. 4. Finance and taxation departments at various levels actively supported production development, fostered and opened up a wide range of financial resources, and strengthened administration over the collection of various kinds of revenues to produce noticeable results.

(2) The regional financial expenditures amounted to 2,160.12 million yuan, a net increase of 498.92 million yuan, or 30 percent, from the 1992 final account figure. Both the absolute value and the expenditure rate increase were the highest in recent years. The main reasons are: 1. Various special funds and special subsidies given by the central authorities increased 231.26 million yuan over the previous year. 2. The acceleration of price reform brought along the increase in related expenditures. According to estimates, expenditure increases caused by price reform came to about 133.70 million yuan. 3. Monetary investment increases in crop-farming, animal husbandry, education, science and technology, energy, communications, and other strategic priorities and infrastructure construction quickened the development pace. A total of 191.86 million yuan was spent on educational undertakings, up 29.03 million yuan, or 17.8 percent, over the previous year; 186.82 million yuan was spent on supporting rural production and on agriculture, forestry, as well as water and gas supply, up 12.73 million yuan or 7.3 percent, over the previous year; capital construction spending topped 368.17 million yuan, up 108.96 million yuan or 42 percent. 4. The autonomous region introduced a series of spending expansion policies, increasing 68.75 million yuan in financial expenditure. 5. While reforming the wage system for administrative undertakings and units, the total of 127 million yuan in wages for the fourth quarter of 1993 were included in advance.

(3) The regional fiscal budget's execution resulted in a 209.65 million yuan excess in expenditures over revenues for that year (the expenditure excess would be 82.65 million yuan if the above mentioned 127 million yuan in wages for the fourth quarter of 1993 were to be left out). There were historical and practical reasons for the excess in expenditures over revenues. For a long time, the regional financial revenues have come mainly from subsidies given by the central authorities. Beginning in 1989, the central authorities began using the method of giving a fixed amount of subsidies to our region, making the revenue from central subsidies a constant figure in contrast to the financial expenditures that grew at a faster pace as a result of the continual development of various undertakings in the region. Meanwhile, the relatively rapid growth in local financial revenues has, due to its small base, resulted in only a limited revenue increase in absolute terms, falling far short of increasing expenditure needs. In 1993, local financial revenues increased 43.5 percent over the previous year to turn out an increase of only 47.32 million yuan in absolute terms, while the 30 percent increase in the financial expenditures translated into an actual amount as high as 498.92 million yuan. When the revenue increase is compared with the expenditure increase, the net expenditure increase amounted to over 450 million yuan. With central subsidies fixed, and because of net increases in expenditures as a result of different growth rates in local revenues and expenditures, we had to rely on previous surpluses to balance the local revenues and expenditures. As of 1993, the region had a 84.32 million yuan net deficit, including a 11.76 million yuan running deficit and a 72.56 million deficit from special items. This shows that it was no longer possible to rely on previous surpluses to balance revenues and expenditures. Therefore, we entered the 1993 financial imbalance in our account so as to eliminate it through efforts to raise revenues and reduce expenditures in the years to come.

The region's 1993 financial situation was very grim. At the beginning of the year, a fairly large deficit was projected in the budget due to constraints posed by total financial resources. During the course of the budget's execution, many factors leading to revenue reductions and expenditure increases occurred, causing great difficulties in balancing revenues and expenditures. Financial departments, working under the leadership of party committees and governments at various levels and with full financial support from the central government, worked hard in unity, and despite difficulties, did a great deal of effective work and made fairly good achievements.

—Great efforts were made to increase revenues and reduce expenditures, and every possible means was tried to cover financial deficits. To ensure revenue collection, financial departments at various levels analyzed the revenues at each collection stage, so that problems, if any, were discovered and solved promptly. The financial department, working in conjunction with the department in charge of enterprises, established a contact system with some state-owned key enterprises and thoroughly investigated the difficulties and problems encountered by those enterprises during the course of changing operational mechanisms and helped them improve financial management and accounting, enhance economic efficiency, and increase income. At the same time, taxation departments at various levels seriously implemented the "Law on Tax Collection and Management" in light of the structural change of revenue sources, improved tax collection and management, prevented tax evasion, and reduced revenue losses. In 1993, revenue collected by taxation departments totalled 219.06 million yuan, up 34 percent from 1992. The revenue made up for some of the deficits and played a positive role in alleviating financial strains.

In May 1993, the autonomous regional government issued an "urgent circular on making great efforts to collect revenue and strictly control expenditure." Based on the circular, the financial department formulated eight strict expenditure control measures, exercised control over selected items such as conference expenses, overseas travel and study tour expenses, special repair

funds, and special purchase funds, and thus effectively curbed the increasing trend of non-productive spending. With concerted efforts by all quarters, the region's 1993 expenditures were roughly equal to the 1992 level, if calculated in terms of comparable items, after adjustment for incomparable factors such as increased spending from special central appropriations, increased spending due to commodity price readjustments by the state, and increased wage expenditures due to administrative and public institution wage reforms.

—The region seriously implemented the No.6 central document's guidlines and made great efforts to rectify financial and taxation order. In June 1993, the party Central Committee and the State Council issued 16 measures for strengthening and improving macroeconomic regulation and control. We seriously implemented them in consideration of Tibet's realities. First, we pre-fulfilled and over-fulfilled the task of selling treasury bonds, and made contributions to balancing the state budget. Second, we emphasized and reiterated that the power to grant tax reductions or exemptions is centralized in the hands of the autonomous regional government, and we stopped examination and approval of requests for temporary tax reductions and exemptions on the hardship grounds. Third, we seriously screened business firms run by financial departments; reviewed all cash advances, loans, circulating funds, and other funds of recent years; stopped making short-term loans; and accelerated short-term loan recovery. Fourth, the financial department initiated an overall administrative fee screening in the region, abolished some fees which were collected in violation of regulations, and formulated provisions for the management of goods confiscated by law enforcement organs. The provisions stipulate two separate accounts be maintained—one on income from the disposal of confiscated goods, and the other on spending incurred in this respect. Fifth, we conducted an annual general inspection of taxation, financial work, and commodity prices in accordance with unified central arrangements. The inspection uncovered unauthorized funds totalling 49.99 million yuan, of which 34.77 million yuan should be turned over to the government and 13.42 million yuan have already been turned in to the government coffer.

—Great efforts were made to support economic construction and the development of various undertakings, promote all-around economic and social progress, and ensure long-term peace and social stability. Financial departments at various levels, adhering to the principle of feeding the people and building the country simultaneously, managed to provide funds and make rational financial arrangements for investment in economic construction. They made flexible use of funds during the budget's execution, thus ensuring smooth progress of various construction projects. Most enterprises in this region use backward technology and outdated equipment. In 1993, the autonomous region arranged 4 million yuan for technological transformation of enterprises, accelerating the pace of their technological transformation. We increased some enterprises' circulating funds during reform of the pricing and accounting systems, which helped enhance the vitality of those enterprises. Agriculture is this region's economic foundation. In 1993, financial departments at various levels increased their investments in agriculture and animal husbandry, improved the management of funds for supporting agriculture, and enhanced those funds' economic benefits. Despite great financial difficulties, financial departments arranged 2 million yuan of circulating funds for village and town enterprises to support their development. Financial departments at various levels also supported the development of selected projects in the fields of education, culture, public health, sports, and radio and television; promoted all-around social progress; and achieved comparatively good social benefits. Stabilizing the situation is a long-term task in this region, and is a concrete embodiment of the principle of building both material and spiritual civilization in this region. In 1993, financial departments, under the leadership of the party committees and governments at various levels, actively supported public security organs, procuratorates, and people's courts in performing their duties; ensured smooth progress in public security and judicial work; helped maintain social stability; and created favorable conditions for economic construction.

—State asset management was further strengthened. Despite its lack of sound organizational structures and adequate personnel in managing state assets last year, the region, after overcoming numerous difficulties, carried out a comprehensive survey and registration of assets at the disposal of administrative and public institutions, and conducted experiments in verifying enterprises' assets. As a result, it developed a basic grasp of state assets at the disposal of administrative and public institutions and also gained experience in carrying out a comprehensive survey and verifying enterprise assets. According to statistics, the region's administrative and public institutions had 3.3 billion yuan worth of state assets as of the end of 1993. Based on this knowledge, departments in charge of managing state assets also took an active part in the experimental reform centering on the establishment of stockholding enterprises. Their appraisal of assets, following changes in property rights and the investigation into state asset losses, had a positive impact on safeguarding state assets.

—A good beginning was made in rebuilding financial resources at the county level. Early last year, based on a plan worked out at the regional financial work conference, we conducted an in-depth investigation into the financial situation at the county level across the region. In June, after accumulating a large amount of first-hand data, we convened the first regional conference on rebuilding financial resources at the

county level. At the conference, we allocated some 20 million yuan as a special fund, designated 30 key projects, and established a leading group and subordinate work units for rebuilding financial resources at the county level. We also selected four counties in different categories as pilot counties to gain experience in rebuilding county-level financial resources across the region. The conference and the work conducted in the ensuing six months ushered in the initial stage of rebuilding county-level financial resources. The work was off to a good start.

—Initial success was achieved in combating corruption and promoting clean government. As general management departments of the region's economy, finance departments possess the power of allocating the region's financial resources. Under present circumstances, when contradictions between supply and demand of funds are extremely acute, it is easy for corruption to spread if we do not stress honesty and self-discipline and strengthen the ideological education of serving the people wholeheartedly. After a series of party and government decisions on combating corruption were transmitted here, we drew up measures to promote the building of a clean government, taking into consideration the reality of our financial work. We also organized cadres at and above the department level to carry out self-inspection and self-rectification in accordance with the relevant requirements. Problems were quickly rectified as a result. So far, our financial departments have not found major problems in the work of building a clean government.

Fellow deputies: Thanks to correct party committee leadership at all levels, and to the unity and hard struggle waged by people of all nationalities across the region, particularly the supervision and support of people's deputies, we achieved fairly good results in our financial work in 1993, in spite of the extremely difficult situation. At the same time, we must also soberly realize the level of our region's productivity is still fairly low, our economic foundation is still relatively weak, and our people are still not well-off. Under such circumstances, we face the daunting financial task of fundamentally improving our region's financial situation. The problems that we faced in 1993 in our financial work were as follows: First, the contradictions between supply and demand of funds grew increasingly acute; fund shortages became the primary factor restraining the region's economic development. Second, our financial surplus was used up, and macroeconomic regulation and control in financial work lacked strength. Third, the financial situation at the county level became increasingly difficult, and more and more counties suffered from increased financial deficits. This situation was very harmful to economic development at the county level. Fourth, financial management tended to be lax, and there was a lack of strict control over financial expenditures. Extravagance and waste were fairly common. Fifth, as reform centering on the establishment of a socialist market economic structure intensified, financial work was unable to keep pace with developments in many respects. There was a need to step up financial and tax reforms. To resolve all these problems requires, as in the past, strong party committee leadership at all levels and the attention, supervision, and support of the people of all nationalities across the region, particularly those of the people's deputies. At the same time, all financial and tax cadres and workers should further pluck up their spirits and work hard to achieve more brilliant results to live up to the great trust of the party and the people.

II. The 1994 Draft Budget

The year 1994 is crucial for pushing forward the socialist market economy's reform. A comprehensive analysis of various factors shows that our region's economic environment does not provide much room for maneuvering, and that we must continue to uphold the principle of belt-tightening in budgeting.

The guiding ideology in drafting the 1994 budget is: Comprehensively implementing the guidelines of the Third Plenary Session of the 14th CPC Central Committee and the Fifth Enlarged Plenary Session of the Fourth Tibetan Regional CPC Committee; ensuring food production and reform while carrying out construction; smoothly pushing forward financial, tax, and other major economic reforms to guarantee the provision of financial resources for payroll, basic operating expenses, and public expenditures; actively tapping financial resources and vigorously increasing revenues; readjusting expenditures to support the development of key sectors such as agriculture, livestock breeding, science and technology, and education, and infrastructure construction; and vigorously reducing general consumption expenditures to promote the economy's sustained, rapid, and healthy development.

Based on the above principle and guiding ideology, the region's 1994 budget projects total revenues at 1,588,706,000 yuan. Of the total, revenues from central subsidies account for 1,300,326,000 yuan; funds transferred from last year account for 88.38 million yuan; and funds transferred from other sources account for 80 million yuan. The region's own revenues are projected at 120 million yuan, an increase of 40 million yuan, or 50 percent, over the 1993 budget. The region's total expenditures are projected at 1,588,706,000 yuan, an increase of 308.38 million yuan, or 24.1 percent, over the previous year. Calculated in terms of comparable prices, the budget envisions an increase of 17.2 percent if funds transferred from the previous year are excluded.

We have compiled an autonomous regional compound budget for trial implementation in accordance with the guidelines in Chairman Gyaincain Norbu's "Government Work Report." According to this budget, the region's regular income in 1994 is 1,559,166,000 yuan and its running expenses are 1,336,036,000 yuan, which will yield a surplus of 223,130,000 yuan. Revenues for use in construction projects amounts to 29.54 million

yuan. This, coupled with the regular income surplus, will produce 252,670,000 yuan, which are set aside as expenditures for construction projects.

The breakdown of major revenue and expenditure items are as follows:

(1) The revenue section

1. Revenues from industrial and commercial taxes are projected at 124.49 million yuan, an increase of 43.49 million yuan, or 53.7 percent, over the previous year;

2. Revenues from customs duties are projected at 50 million yuan, an increase of 10 million yuan, or 25 percent, over the previous year;

3. Revenues from income taxes paid by state-owned enterprises are projected at 27.32 million yuan, a decrease of 7.98 million yuan, or 22.6 percent less than the previous year;

4. Revenues from profits delivered by state-owned enterprises are projected at 10.36 million yuan, an increase of 8.36 million yuan, or 420 percent, over the previous year;

5. Receipts to be used to subsidize projected losses by state-owned enterprises are projected at 120 million yuan, which is essentially the same as the previous year;

6. Receipts collected as state energy and communications funds are projected at 5 million yuan, a decrease of 8 million yuan, or 61.5 percent less than the previous year;

7. Receipts from other sources are projected at 27.77 million yuan, an increase of 770,000 yuan, or 2.8 percent, over the previous year;

8. Revenues received for contracting out state-owned enterprises, which are returned to the treasury, are projected at 5.04 million yuan, a decrease of 2.26 million yuan, or 30.9 percent less than the previous year. (2) The expenditure section

1. Expenditures for capital construction are projected at 200 million yuan, an increase of 50 million yuan, or 33.3 percent, over the previous year;

2. Expenditures in support of rural production are projected at 104.15 million yuan, an increase of 14.28 million yuan, or 15.9 percent, over the previous year;

3. Operating expenses incurred by agricultural, forestry, water, and gas departments are projected at 80.11 million yuan, an increase of 8.53 million, or 11.9 percent, over the previous year; and an additional 5 million yuan is earmarked as animal husbandry development funds and special disaster prevention and relief funds for agriculture and animal husbandry;

4. Operating expenses incurred by industrial and communications departments are projected at 71.446 million yuan, an increase of 3.886 million yuan, or 5.8 percent, over the previous year;

5. Operating expenses for culture, education, and public health are projected at 359.989 million yuan, an increase of 37.589 million yuan, or 11.7 percent, over the previous year, of which operating expenses for education are projected at 180.94 million yuan, an increase of 16.41 million yuan over the previous year and accounting for 15.8 percent of the central subsidies;

6. Expenditures for pensions and social welfare and relief funds are projected at 42.86 million yuan, an increase of 6.94 million yuan, or 19.3 percent, over the previous year;

7. Administrative and management expenses are projected at 242.533 million yuan, an increase of 22.463 million yuan, or 10.2 percent, over the previous year;

8. Expenditures by public security, procuratorial, and judicial organs are projected at 63.182 million yuan, an increase of 11.302 million yuan, or 21.8 percent, over the previous year;

9. Expenditures for price subsidies are projected at 76.94 million yuan, an increase of 66.33 million yuan, which is to be used primarily as chemical fertilizer price subsidies and central subsidies for building up special grain reserves;

10. Other expenditures are projected at 217.216 million yuan, an increase of 74.39 million yuan, or 52 percent, over the previous year, which is primarily the result of the transfer of special funds;

11. Budgetary reserves are projected at 30 million yuan, about the same as the previous year, of which 10 million yuan are reserves at the regional level and 20 million yuan are reserves at the prefectural or city level.

The above budget arrangements are elaborated as follows:

First, revenue is 40 million yuan more than the 1993 budget, a 50 percent increase. However, it is some 30 million yuan less than the previous year's final account. The arrangements have taken into account increased revenues as a result of economic growth, as well as various reform measures that may cause revenue reductions. These are positive and prudent budget arrangements, which can be fulfilled through hard work.

Second, the total budgeted revenue for 1994 is 220 million yuan more than in the previous year, if calculated in terms of comparable factors. The increased revenue can only be used to ensure the payment of wages and regular expenditures. Some essential new expenditures must be gradually covered through increasing income and reducing expenditures, and requesting the central government to increase subsidies. The major extrabudgetary items that have been ascertained include

reform of administrative and public institution wage systems, subsidy payments for increased rents [illegible] establishment of public housing reserve funds, payment of increased expenditures for free medical care for peasants and herdsmen, payment of increased expenditures to raise the standards of "three responsibility systems [san bao 0005 0545]," and subsidy payments for social insurance for retired personnel. Expenditures to cover these items will amount to more than 600 million yuan. Therefore, the work of balancing budgetary revenues and expenditures in 1994 will be more difficult than in previous years. Various departments at all levels must pay attention to the matter and bear in mind the need for a tight budget. We must resolutely refrain from spending money that need not be expended, strive to reduce the gap between revenues and expenditures, and make contributions to balance the annual budget.

Third, to implement the "Regulations on Managing the State Budget" provisions, we broke with past practices and included 88.38 million yuan carried over from the previous year in the total revenues for 1994 when we drew up the budget early in the year. This is the main reason the increase in total revenues arranged in the beginning of 1994 is significantly greater than in previous years.

Fourth, according to the State Council's decision on introducing a revenue-sharing system in fiscal management, the region should have implemented a revenue-sharing system starting 1 January 1994. The regional people's government has made serious study on implementing the new financial system and formulated suggestions for implementing the system on a trial basis. However, owing to the fact that the central government's major principles and policies for Tibet will be decided after the convocation of the forthcoming Third Work Conference on Tibet, our budget arrangements were made according to the original system. After the Third Work Conference on Tibet's convocation, some changes in the financial system and resources may take place. At that time we will make a report to the Standing Committee of the regional people's congress on the budget adjustments situation.

III. Working in High Spirits and Unity To Fulfill the 1994 Budget

This year is crucial for further carrying out various reform measures and promoting the establishment of a socialist market economic structure. In carrying out this region's financial work, we must take Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's basic line as guidance; fully implement the guidelines of the 14th CPC National Congress, the Third Plenary Session of the 14th CPC Central Committee, the Second Session of the Eighth National People's Congress, and the Fifth Enlarged Plenary Session of the Fourth Tibet Autonomous Regional CPC Committee; strive to do a good job in financial work while taking the overall interests of "reform, development, and stability" into consideration; promote reform in financial and taxation work; strengthen macroeconomic regulation and control; set strict discipline for financial and economic work; strive to increase revenues and reduce expenditures; and fulfill our financial tasks in an all-round way to promote sustained, rapid, and healthy development in the regional economy and to maintain social stability.

(1) We should effectively implement Tibet's financial and taxation reform in accordance with the unified national plan. The autonomous regional government has relayed the region's financial and taxation reform plan for implementation in the entire region. The initial stage of implementation indicates that the way the new system is functioning is basically normal, and that various incomes have increased somewhat compared to last year's corresponding period. We will dispatch people to various prefectures, cities, and enterprises to further investigate and understand the implementation of reform measures. We will promptly uncover and solve problems to ensure actual implementation of Tibet's financial and taxation reform measures. This is aimed at establishing a new financial and taxation operating mechanism suitable to our region's actual conditions. Meanwhile, we should work actively with relevant departments to earnestly and effectively tackle reforms in such areas as enterprises, prices, finance, economy and trade, commodity circulation, housing, retirement insurance, and farming and pastoral regions so that reform programs will be implemented comprehensively and coordinately. It is necessary to stress that while introducing and implementing various reform measures, we should give full consideration to our region's financial means and implement programs steadily to prevent a drastic rise and fall.

(2) We must adopt vigorous measures to increase revenues and reduce expenditures, and strive to fulfill the 1994 budget. From a long-term point of view, following successive implementation of reform measures and accelerated economic development, Tibet's financial situation will gradually improve. However, for this year, factors that cause reduced revenues and increased spending are still glaring, and the financial situation is still very grim. We must adopt strong measures to ensure a balanced budget. First, financial departments at various levels should compile budgets for various government levels by keeping spending within their financial means and by budgeting carefully. The departments should be practical and cautious in budgeting their revenues, while adopting austerity measures to ensure funds for essential spending. Second, it is necessary to adopt vigorous measures to increase revenues. Taxation departments at various levels should strengthen their personnel, organizational structure, and management in tax collection; promptly collect all taxes due; and strive to overfulfill their tax collection quotas. The policy for subsidizing import-related losses incurred by foreign trade enterprises should be appropriately readjusted according to the principle of invigorating enterprises and increasing revenues. After implementing the system of

separating taxes and profits payable by enterprises, we should study and formulate specific procedures for determining the profit amounts to be retained by enterprises, and for including state assets in distributing after-tax profits. We must continue to implement the regulations on changing state-owned enterprises' operating mechanisms, grant enterprises independent decision-making power in operational matters, lessen enterprises' burdens, invigorate enterprises, upgrade economic efficiency, and adopt measures to strengthen financial and taxation management of enterprises that earn large revenues. Enterprises of various categories at various levels should improve their internal functions to expand production, upgrade product quality, increase the production of salable products, and enhance market competitiveness. It is especially necessary to pay attention to strengthening the management of Tibetan enterprises stationed outside the region and country. We must scientifically determine property rights and define ownership. We must rationalize the financial control system and incorporate it in the financial management and supervision system to stop the circulation of funds outside the banking system, as well as to prevent loss and wastage of state assets and state funds. We must establish and perfect various rules and regulations, as well as rationalize and regulate the relations of distribution between the state and enterprises, and between enterprise operators and producers. All enterprises must take further measures to turn their losses into profits, and lower costs and enhance economic efficiency through price rationalization and strengthened management. Third, we should strictly control expenditures. We should carry out in-depth education on the concept of working tirelessly in a pioneering spirit, and combat the unhealthy practices of extravagance, waste, and hedonism. Given Tibet's low level of productive forces and economic backwardness, and because its people are still not well-off, leading cadres at all levels and administrative and public institutions must exercise prudence in spending. Financial departments at all levels and all financial and accounting personnel should offer sound advice to government and institution leaders at all levels, and should exercise sound financial management on behalf of the people. This year we should ensure the payment of wages, basic operating expenses, and public expenditures, while guaranteeing funds for the smooth implementation of financial, taxation, and other major economic reforms in accordance with the principle of "guaranteeing food production and reform while carrying out construction." On this basis, we should lend active support to infrastructure projects and key sectors, such as transportation, energy, agriculture, animal husbandry, and education. We should pay particular attention to controlling personnel, transportation, and conference-related expenses in administrative and public institutions, and introduce "zero-base budgets" in institutions that depend on "financial allocations." Administrative and public institutions may not increase their personnel at will. As a rule, administrative and public institutions may not hire new personnel, except in cases where college and polytechnic school graduates are assigned routinely, and demobilized and retired servicemen are resettled. We should exercise even stricter control over the use of vehicles by administrative and public institutions, and explore new ways and means for providing logistic services to such institutions. We should tighten fiscal control over capital construction projects, strengthen budget estimating and reviewing procedures, and improve various rules and regulations so that less money will be used to manage more affairs. We should criticize and educate institutions and their responsible personnel if they fail to manage their affairs in accordance with fiscal rules and regulations. In those cases, we should confiscate unauthorized funds, and mete out disciplinary actions if the circumstances are serious.

To fulfill the 1994 budget, we must spare no efforts to improve accounting management. In exercising accounting management in 1994, we should focus on further implementing the general rules governing business finance, the standards for business accounting, the "Accounting Law," and the "Law on Certified Public Accountants [CPA]," and on improving the training of accountants. Moreover, in accordance with the socialist market economy's demands, we should actively develop CPA-related programs, institute a sound socialized supervision and service system, take effective steps to expand the CPA ranks, ensure that accounting firms are operated efficiently, and encourage CPA's to exercise supervision and serve the public in accordance with the law.

(3) We should further strengthen the management of state assets. In 1994 we should stress the following tasks in managing state assets: The first is to continue the experimental evaluation of fixed assets and working capital in state-owned enterprises, and to expand the scope of the experiment so as to pave the way for conducting a full-scale evaluation. The second is to institute a state asset administrative system by setting up organs to manage and administer state assets. The third is to search for new ways to manage state assets, and to assume responsibility for overseeing and managing such assets to ensure their value will be preserved and increased.

(4) We should do a fine job of selling treasury bonds. Last year's sales of treasury bonds were quite successful in China, an achievement that won favorable comment from the Finance Ministry. This year's tasks are more formidable because large numbers of treasury bonds are on sale. Financial departments at all levels should work closely with banks and other relevant departments under the unified leadership of the party and government to ensure that treasury bonds are sold on a timely basis. First, they should publicize the move, and mobilize and organize units and individuals to buy the bonds in earnest. Second, they should make every effort to explore new ways to sell treasury bonds, and ensure that people can buy and cash in such bonds at any time.

(5) We should continue rebuilding county-level financial resources. Following the guidelines laid down last June by the first regional conference on rebuilding county-level financial resources, we should raise funds from all sources to help counties bolster their financial strength. We should improve financial control over projects that have gone into operation and exercise better management of projects under construction, so as to obtain optimum results. We should reiterate the principle of giving priority to economic returns, and firmly stop the practice of investing heavily in projects that yield low returns or even investing in projects that yield no returns. We should assign personnel to thoroughly investigate and study problems in the initial stage of rebuilding county-level financial resources, and regularly sum up our experiences to ensure sound progress in rebuilding county-level financial resources. We should carry out experiments in rebuilding the financial resources of towns and townships with proper conditions to help promote economic development in farming and pastoral areas.

(6) We should change our functions in financial affairs and tighten macroeconomic regulation and control to serve the socialist market economy. Financial and taxation departments are key state departments that exercise macroeconomic regulation and control. They bear important responsibilities for promoting healthy economic development. In developing a socialist market economy, we should strengthen our functions in financial affairs instead of weakening them. However, we cannot improve our financial work because of failings in our conventional functions and practices of managing financial affairs. We must, therefore, change our functions in financial affairs and renew our concepts of managing financial affairs in keeping with the demands of the socialist market economy. By allocating funds and applying financial and tax policies, we should promote industrial restructuring; stimulate the development of agriculture, animal husbandry, education, science and technology, and basic industries; and build up steady, substantial, and sustained financial sources. Through in-depth investigations and study, we should search for new economic growth sectors, expand some sectors significantly, and augment Tibet's economic strength. We should create an environment in which producers in society can compete on an equal footing, and serve enterprises by providing information and implementing preferential policies. We should speed up technical transformation in enterprises, steer enterprises toward the path of development based on internal improvement, and improve their economic efficiency.

Conscientiously improving and tightening macroeconomic regulation and control is essential for managing financial affairs in a socialist market economy. We should devise rational budgets for governments at all levels in accordance with the objective requirements of the socialist market economic structure, and in light of our actual financial means. This is to ensure coordinated and rapid socioeconomic development. We should ensure state financial resources are distributed uniformly, and governments at all levels and various departments may not divide financial resources at each administrative level. We should quicken the process of enacting financial and tax laws, and maintain the dignity of law and discipline in financial and economic affairs, with a view to putting financial and tax management on a legal footing at an early date.

(7) We should expand the ranks of financial and taxation cadres, and improve their caliber. In the new situation stemming from the establishment of a socialist market economic structure and from the ever-deepening drive for reform and opening up, our previous ideologies, theories, and professional knowledge can no longer meet the new demands. We must strengthen our cadres professionally by improving their policy-enforcing and professional skills. On the one hand, we should make them study Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the essentials of market economics, acquire professional knowledge about various structural reforms, improve their understanding and implementation of various reform plans, and hone their skills in guiding the market economy. On the other hand, we should build on our initial achievements in fighting corruption; carry forward the fine traditions of our financial and taxation cadres in conducting themselves honestly and in maintaining their principles; steadfastly carry out education on fighting corruption and promoting probity; and ensure the ideological soundness and professional proficiency of our financial and taxation cadres.

Fellow deputies: This year's financial and taxation tasks are formidable, and it is hard to balance the annual budget. We should rally more closely around the CPC Central Committee with Comrade Jiang Zemin as the core, work tirelessly in a pioneering and enterprising spirit to make our region strong, and greet the 30th anniversary of the autonomous region's founding with practical actions aimed at successfully completing all financial and taxation tasks.

Tibet Economic, Social Development Report

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["Report on the Implementation of the Tibetan Autonomous Region's 1993 Final Account and the Draft 1994 Budget" delivered by Wu Shunxiang, vice chairman of the regional planning and economic commission at the Second Session of the Sixth Tibet Autonomous Regional People's Congress on 15 May]

[Text] **Fellow deputies:**

On behalf of the autonomous regional people's government, I now submit a report on the implementation of the 1993 plan for economic and social development and on the draft 1994 plan for economic and social development for your examination and approval.

I. The Basic Situation of Economic and Social Development in 1993

Nineteen ninety-three was a year of continuous reform and opening up in our region as well as a year of fairly rapid economic and social development. In this year, under the leadership of the regional party committee and people's government and guided by the spirit of the important talks given by Comrade Deng Xiaoping during his tour of southern China, the people of all nationalities across the region made economic construction their central task, took reform as the point of departure, emancipated their minds, changed their mentality, and opened the region wider to the outside world; thereby bringing about a sustained, steady, and fairly rapid [chi xu wen ding jiao kuai 2170 4968 4489 1353 6525 1816] economic and social development. Calculated in terms of current prices, the total annual output value of goods and services for the region was 3.65 billion yuan. Calculated in terms of comparable prices, this amounted to an 8.1 percent increase over the preceding year, which was higher than the 8 percent increase projected in the original plan. The output value of primary industries was 1.775 billion yuan, an increase of 4.9 percent; the output value of secondary industries was 0.5 billion yuan, an increase of 16.6 percent; and the output value of tertiary industries was 1.375 billion yuan, an increase of 9.5 percent. A pluralistic economic structure with public ownership playing a dominant role and with diverse economic sectors developing together was taking shape. The market was brisk, the economy remained prosperous, and the people's livelihood continued to improve.

—New progress was made in reform and opening up. Pursuant to the general goal of establishing a socialist market economic structure laid down at the 14th National Party Congress, reform continued to deepen in our rural and pastoral regions, and the regulations concerning the transformation of the operational mechanism of state-owned enterprises were further implemented. In addition, new progress was made in the reform of our planning, investment, fiscal, taxation, banking, foreign trade, commerce, education, and science and technology structures. Particularly the delegation of investment decision-making and approving power played an important role in arousing investors' enthusiasm. An investment structure incorporating different kinds of investors and sources of capital and with decisions made at different levels gradually took shape. Reform promotes opening up, which in turn pushes forward reform. Tibetan "windows" were set up in 18 provinces, municipalities, and autonomous regions. As of the end of 1993, there were 241 solely owned, jointly owned, and cooperatively managed enterprises. According to a survey of 115 enterprises, the majority of these enterprises produced fairly good economic results, and some even expanded outside the country. More and more domestic and foreign businesses came to our region to do business. Incomplete statistics show that in 1993, businesses from the United States, Japan, Germany, Hong Kong, and other countries and regions as well as from China's interior came to our region to discuss investment. More than 40 investment projects were approved by the region's commission in charge of introducing investment from abroad and establishing lateral ties at home, with the amount of investment contracted totaling 67.11 million yuan and $9.63 million. The investment, made in the region's telecommunications, transportation, light industry, textile industry, machine-building, electrical products, and commerce areas, eased to some extent the shortages of development funds in these sectors. As a result of our reform and opening up, Tibet has learned more about the outside world, which has also gained deeper understanding of Tibet. It was estimated that our region received 23,000 tourists from foreign countries and from Hong Kong, Macao, and Taiwan, a decrease of 2.1 percent. Business revenues totaled 106 million yuan, up 14 percent, while profits reached 20 million yuan, up 11.1 percent. Foreign exchange earnings amounted to $9 million, a decline of 9.7 percent. Both the number of tourists and business revenues reached or exceeded the annual targets. New progress was made in foreign trade. The total import and export volume reached $103 million, an increase of 60.9 percent over the previous year and 135.5 percent of the annual target. Of the total trade volume, imports stood at $88 million, up 95.6 percent, while exports was $15 million, down 21.1 percent. New progress was also made in international exchanges and competition, in expanding overseas markets, utilizing overseas resources, and in shifting essential production elements and resources.

—There was a sustained, steady, and fairly rapid growth in production and construction. Agriculture, as the economy's foundation, continued to receive special attention. The policy that calls for ownership of farm produce and livestock by the grower and raiser has stricken roots deep in the hearts of the people. Financial, material, and technological inputs in agriculture and animal husbandry increased. Some 22.18 million yuan was allocated for investment in the region's water conservancy projects alone. A total of 40 irrigation and water conservancy works were completed. In addition, 11 animal products bases and disaster prevention projects were built. The acreage sown in rape, garlic, and other cash crops was appropriately expanded. Over 500 mu of fine-quality, highly productive Lamb's Quarters, a South American variety, were planted. New progress was made in transforming scientific findings and technological achievements into actual productive forces. The area of fine-quality crops reached 2.15 million mu, with 1.4 million mu of crops receiving technological services. All these measures contributed to the steady growth of agricultural production. Despite varying degrees of natural disasters in various parts of the region and severe drought, hailstorms, snowstorms, and earthquakes in some areas, 1993 was still the region's sixth bumper harvest year in a row in agricultural production, and livestock

production was also able to maintain its normal-year level. The total output value of agriculture is estimated at 2.32 billion yuan if calculated in terms of current prices, a 5.3 percent increase if calculated in terms of comparable prices and higher than the 4.4 percent growth rate projected in the original plan. The total output of grain was 1.24 billion jin and the output of rapeseed was 38 million jin, up 3.3 percent and 6.4 percent, respectively. The output of grain and rapeseed were above their annual targets and set a record in regional history. The survival rate of young animals was 80 percent, 2.3 percent lower than the previous year. The fatality rate of adult animals was 5 percent, up 1 percent. As of the end of 1993, there were 23.2 million livestock on hand. Among the major animal products, meat totaled 200 million jin, up 2.7 percent; and sheep wool totaled 17.2 million jin, up 2.4 percent. Forestry-related production was better than the previous years. A total of 55,300 mu of man-made forests were completed, an increase of 22.9 percent. Regeneration of slash land totaled 18,000 mu, up 18.8 percent.

Village and town enterprises and diversified undertakings witnessed fairly rapid development. According to statistics compiled by departments concerned, there were 9,118 village and town enterprises, an increase 3.8 percent over the preceding year. They employed more than 50,000 people, up 24 percent; and produced an output value of 100 million yuan, up 14.9 percent. Revenues from diversified business undertakings totaled 240 million yuan, an increase of 18.8 percent.

The industrial and communications front maintained a growth rate in production. In the economic structural reform, vigorous efforts were made to allow enterprises to exercise decisionmaking power. This further improved the internal and external environments of enterprises; promoted the development of production; improved efficiency; and basically achieved simultaneous growth of production, sales, and efficiency. A number of industries and enterprises reported notable improvement of efficiency. The total industrial output value is estimated at 535 million yuan if calculated in terms of current prices, an increase of 9.4 percent over the preceding year if calculated in terms of comparable prices and higher than the 8.8 percent growth rate projected in the original plan. The output of major products were: electricity totaled 399 million kwh, up 12.1 percent; chromium ores totaled 93,500 tonnes, up 11 percent; cement totaled 140,000 tonnes; timber totaled 20.46 cubic meters [figure as published]; cargo transported totaled 1,639,400 tonnes; and passengers transported totaled 2,164,000. With the exception of chromium ores, each production figure fulfilled or overfulfilled the set target for the year.

The construction of infrastructural facilities and basic industries was further strengthened. It was estimated that the region invested 1.59 billion yuan in fixed assets in 1993, representing 103.3 percent of its annual plan and a growth of 19.3 percent over 1992. Of this amount, 980 million yuan was invested by the central authorities, 230 million yuan by the region with budgeted funds, 220 million yuan by departments and enterprises with funds raised by themselves, 18 million yuan by enterprises with bank loans, 85 million yuan by enterprises for the purpose of technical transformation, and 57 million yuan for other purposes. The investment in the construction of infrastructural facilities and basic industries, including agriculture, energy, transportation, and education, reached 1.206 billion yuan, or 78 percent of the region's total annual investment in fixed assets. This amount included 127 million yuan for agriculture; 291 million yuan for energy; 321 million yuan for transportation, postal service, and telecommunications; 52 million yuan for education; and 415 million for other basic industries. One thing should be pointed out: Last year when the prices for building materials went up by a great margin and the investment funds from the central authorities were late in coming, autonomous region leaders instructed relevant departments to take timely measures to arrange funds so as to ensure the construction of major projects in the region. In the comprehensive agricultural development project for the Yarlung Zangbo, Lhasa, and Nyang Qu River valleys, seven construction projects were finished and put into operation. These seven projects began to bring in economic profits. The Yanghu Power Station project went on fairly quick. The project for enlarging the Gonggar Airport was put into operation in September 1993 after formally passing the state's inspection and appraisal tests. The main runways of the Bangda Airport were built. The projects for improving Sichuan-Tibet and Qinghai-Tibet highways, rebuilding the highway linking China and Nepal, and the construction of the Luobusha Chromium Mine and county power stations were all accomplished, some ahead of schedule. In 1993, another 10,000 mu of farmland guaranteed with sufficient irrigating water, an installed capacity of 8,200 kw, 20-km asphalt road, 17,000 telephones, and 114,000 square-meter of floor space for schools were added to our list of achievements.

With the development of production and construction, people's living standards correspondingly increased. In 1993, per capita net income for peasants and herdsmen was 521 yuan, calculated on the basis of state purchasing prices increasing 6.3 percent over 1992; annual per capita wages for workers and staff members of the state units was 3,873 yuan, up 10.8 percent; and annual per capita wages for workers and staff members of urban collectives and units under other kinds of ownership was 2,439 yuan, up 3.2 percent. The total retail sales of commodities in society were 1.9 billion yuan, increasing 12.8 percent. The general price index was 114.

—Coordinated development was achieved in science and technology and all social undertakings. While vigorously developing the economy, we paid attention to the coordinated development of various social undertakings. The idea that science and technology constitute a primary productive force has gradually become a common consensus. Leaders at all levels

paid great attention to scientific and technological development in our region. Satisfactory progress was made in efforts to spread scientific and technological results, with the "Spark Plan" and the "Sunshine Plan" as the major contents. In 1993, 6.8 million yuan was invested in three major scientific and technological projects, an increase of 11.5 percent over 1992. A total of 13 key scientific and technological projects were accomplished in 1993. Educational undertakings experienced rapid growth, with marked results. Basic educational projects were pushed to a new stage. The total annual educational investment, including funds for special projects, was 51.7 million yuan, representing an increase of 84.4 percent over 1992. A total of 72 primary schools and 10 middle schools were built. Some middle and primary schools as well as universities were enlarged or rebuilt. The conditions for running schools were further improved. In 1993, 63.2 percent of school-age children enrolled in school, an increase of 2.7 percentage points over 1992; universities and colleges enrolled 1,150 students, and secondary vocational schools 1,263 students, all fulfilling the annual plan. In light of the principle of gearing toward the grass roots, 2,534 graduates of universities, colleges, and secondary vocational schools were assigned jobs. Literary, art, radio, movies, television, press, publishing, public health, sports, and other undertakings developed to various degrees. The Tibet Regional Library, the XIZANG RIBAO laser typesetting project, and the Tibet Regional Traditional Chinese Medical Hospital for demonstration purposes were either basically accomplished or put into operation. Construction of the Tibet Radio-Television Center, the Tibet First-Aid Center, and the Tibet Tuberculosis Prevention Center proceeded smoothly. The natural population growth rate was maintained at around 16 per thousand. By the end of 1993, the total population in the region was 2,288,800 (according to figures released by public security and statistical departments), which was basically below the planned level.

While fully affirming the achievements, we should also have a sober understanding of existing problems and difficulties, which mainly include the following: Infrastructural facilities and basic industries, such as agriculture, energy, and transportation, remain the "bottlenecks" that hinder economic development. Funds for local construction projects are still in short supply, thus severely restricting quicker economic and social development. The economy is developing quite slowly, and the gap between regional and national economic growth rates continue to widen. Commodity prices are rising fairly rapidly, bringing great pressure to bear on capital construction and the living standards. Macroeconomic regulation and control is very weak and has failed to meet the requirements of developing a socialist market economy. These are problems that have cropped up during our progress. While exercising macroeconomic regulation and control, we should pay great attention to these problems and make conscientious efforts to solve them.

II. Major Objectives and Tasks of the 1994 Regional Economic and Social Development Plan

Through the above-mentioned comprehensive analysis of the way the economy operated last year, we feel we can still maintain fairly sound growth in the regional economy in 1994. We can meet the demand for sustained, rapid, and healthy economic development, which was put forward by Chairman Gyaincain Norbu in the government work report, so long as we do our job well in various areas. The following are the major favorable conditions: 1) This year is crucial for deepening reform. The autonomous region has introduced a series of major reform measures. Market mechanisms have further come into play, thus injecting new vitality into the way the economy operates. 2) This year marks the fourth year of implementing the "Eighth Five-Year Plan," and precedes the region's 30th founding anniversary. The development pace will quicken greatly. 3) Following reforms of the pricing, investment, workers' retirement and unemployment insurance, and wage systems, the incomes of urban and rural residents will increase by a fairly large margin and consumer demand will spur economic growth.

In accordance with the demands put forward during the Second Session of the Eighth National People's Congress on economic work, the guiding ideology for this year's economic planning is to earnestly implement the guidelines of the Third Plenary Session of the 14th CPC Central Committee and of the Fifth (Enlarged) Plenary Session of the Fourth Tibet Regional CPC Committee; to quicken the pace of reform in establishing a socialist market economic structure; to open up wider to the outside world; to continue to strengthen the construction of infrastructure and basic industries; to focus on upgrading economic efficiency in carrying out our work; and to strive to promote sustained, rapid, and healthy regional economic development. Therefore, we must observe the following major principles in economic and social development:

—Further deepening reform in farming and pastoral areas and vigorously developing the economy of these areas to increase the incomes of peasants and herdsmen;

—Further strengthening reforms of the enterprise, financial, taxation, banking, pricing, foreign trade, retirement insurance, housing, and investment systems;

—Deepening reform of the commodity circulation system, actively developing markets, invigorating commodity circulation, and making sound plans for people's well-being;

—Fully displaying the concept that science and technology are primary productive forces; and

—Continuing to promote coordinated economic and social development and all-around economic and social progress.

In accordance with the above-mentioned guiding ideology and principles, the principal objectives for the 1994 plan have been set as follows: 1) The region's total annual output value of goods and services will be 4.01 billion yuan, an 8-percent increase over the previous year. We shall strive to overfulfill this goal. Of the total output value, primary industry will make up 1.87 billion yuan, up 4.3 percent; secondary industry 600 million yuan, up 10 percent; and tertiary industry 1.54 billion yuan, up 12 percent. 2) Total fixed asset investment will be 2.025 billion yuan, up 27.4 percent. 3) Total import and export volume will be $134 million, up 30.1 percent. 4) Total retail sales volume will be 2.1 billion yuan, up 10.5 percent. 5) Total budget revenue will be 1.5 billion yuan, of which 120 million yuan will be local financial revenue. 6) Various types of bank deposits and loans will total 3.888 billion yuan and 4.047 billion yuan, respectively, up 19 percent and 23 percent. 7) The per capita income of peasants and herdsmen will range from 545 to 555 yuan. 8) The total population will be controlled at 2,325,300, with a natural growth rate of 16 per thousand.

The following are other major indices covered by our economic projections:

Total agricultural output value will be 2.436 billion yuan, up 4.5 percent over the previous year in terms of comparable prices. The output of grain, rapeseeds, and meat will total 1.28 jin, 40 million jin, and 212 million jin, respectively, up 3.2 percent, 5.3 percent, and 6 percent. Man-made forests will cover 60,800 mu [unit of measure equaling 0.0667 hectares], up 10 percent.

Total industrial output value will be 582 million yuan, up 8.9 percent over the previous year in terms of comparable prices. The projections for the major items are: 431 million kwh of electricity, up 8 percent; 108,500 tonnes of chromium ores, up 16 percent; and 200,000 cubic meters of timber, which is the same as last year's level.

Of the 2.025 billion yuan in fixed asset investment, 1.935 billion yuan will be invested in capital construction and 90 million yuan in technical transformation. In capital construction investment, 1.365 billion yuan will come from the central government, up 39.2 percent over the previous year, while 200 million yuan will come from local budgets. Bank loans will total 20 million yuan; 250 million yuan will come from the construction funds of prefectures (cities), departments, and enterprises; and 100 million yuan will be invested by collectives and individuals. The 200 million yuan from local budgets for capital construction projects in 1994 is broken down as follows: 1) 56.95 million yuan will go toward repaying loans arranged in the previous year; 2) 36.69 million yuan will go to ongoing construction projects; 3) 11.68 million yuan will go to central projects that need to be supplemented by local investment; and 4) 94.68 million yuan will go to piecemeal investment in agriculture, animal husbandry, education, county housing construction, preliminary expenses, and prefectural and city projects.

Circulation of the major commodities follows: The region will ship 40,000 tonnes of grain from other parts of the country, 500 tonnes less than in the previous year; 180,000 tonnes of petroleum products, 30,000 tonnes more than in the previous year; and 140,000 tonnes of chemical fertilizer, 40,000 tonnes more than in the previous year.

Of the $134 million in total imports and exports, imports will total $114 million, up 29.5 percent, and exports will total $20 million, up 33.3 percent. Our program of introducing investment from abroad and establishing lateral ties at home calls for bringing in 40 million yuan in outside capital, including 25 million yuan from abroad and 15 million yuan from other parts of China. The region expects to receive 26,000 tourists this year, 13 percent more than last year. Tourism income is expected to be 117 million yuan, up 10.3 percent from last year; profit from tourism is expected to be 21 million yuan, up 5 percent; and foreign exchange income from tourism is expected to be $10 million, up 11.1 percent.

Schools of higher education in the region will enroll 1,185 new students, and secondary vocational schools 1,330 new students.

In economic and social development this year, we should pay attention to the following matters:

First, we should actively promote reform for the purpose of development. Comrade Deng Xiaoping has pointed out that development is the last word. Reform itself is not the purpose. The ultimate purpose of reform is to develop productive forces in society and improve living standards. In development, we should strive to attain the main objective of bringing about sustained, rapid, and healthy economic development, and conscientiously do a good job in this regard. In reform, we should enhance people's awareness of the importance of reform, clearly establish the notion of relying on reform to accelerate development, and regard the deepening of reform as the motive force for economic development.

Second, we should optimize structure, enhance efficiency, and accelerate development. The region's economic growth rate for this year is set at 8 percent, and we should strive to overfulfill it. However, it is just a target for guiding purposes for the region, and the autonomous regional government does not regard it as an absolute quota for various prefectures (cities) and various economic departments. Localities with better conditions may go for a higher growth rate, while localities with poor conditions should strive to create the necessary conditions for accelerating development. Various localities should consider their own realities in setting a proper growth rate, which will give them both pressure and motivation. In economic development, we should

have new concepts, new measures, and new achievements, and should conscientiously focus on optimizing the economic structure and improving economic efficiency in carrying out our work.

Third, we should strive to promote coordinated economic and social development. While striving to accelerate economic development, we must attach great importance to and promote in an all-around way the development of all social undertakings. We should continue to make the development of education a strategic priority, and seriously do a good job in this respect. We should control population growth and improve population quality. We should pay more attention to environmental protection and to improving the use of land. We should improve living standards and do a good job in the areas of commodity prices, retirement pensions, and employment. We should adhere to the principle of building both material and spiritual civilization and attaching equal importance to both, so that socialist material and spiritual civilization will progress simultaneously. While emphasizing self-reliance, we will do all we can to ask the central government to continue applying preferential and special policies toward the region during the course of establishing a socialist market economic structure.

III. Carrying Out Several Important Tasks To Implement Plans Comprehensively

Chairman Gyaincain Norbu's important speech at the autonomous regional economic work conference gave a comprehensive and in-depth exposition of the tasks that need to be carried out to quicken the pace of Tibet's economic reform and promote rapid economic development. We must resolutely carry out these tasks. In the economic and planning fields, we need to focus on the following tasks:

First, we should increase the incomes of peasants and herdsmen by every possible means.

As the costs of agricultural means of production have gone up, the comparative returns on agriculture and animal husbandry, crop planting in particular, have declined. Despite increased production, income has not risen, or has even decreased, and this has attracted the attention of leading cadres at all levels. It seems we cannot merely depend on farming and stockbreeding—much less pin our hopes on increasing the prices of and subsidies for farm produce, animal products, and sideline products—to increase the incomes of peasants and herdsmen. A fundamental solution to this problem is to stress the development of nonagricultural industries, and to actively develop a diversified economy as well as village and town enterprises. Localities must fully harness their natural resources and technologies; spare no effort in developing a diversified economy; encourage and support peasants and herdsmen in carrying out such economic activities as gathering floral resources, making ethnic handicrafts, processing, small-scale mining, transportation, construction, repairs, commerce, and catering; and guide the economy's diversification into village and town enterprises at the earliest possible time. We should lead and support peasants and herdsmen in establishing village and town enterprises through individual business operations and the shareholding system, gradually perfect the contract managerial responsibility system in village and town enterprises, develop the individual sector of the economy and the shareholding system, encourage village and town enterprises to forge vertical and lateral ties across township and county lines, and create dynamic and energetic operating mechanisms for village and town enterprises. We must make full use of our favorable conditions in terms of energy, transportation, raw and semifinished materials, and information to start developing village and town enterprises in counties and towns, to promote the expansion of tertiary industry through the development of village and town enterprises and the construction of small towns, and to create favorable conditions for the transfer of surplus workers from farming and pastoral areas.

While encouraging collectives and individuals to raise funds to develop a diversified economy as well as village and town enterprises, we should gain the full support of banks and financial departments at all levels. This year, to quicken the pace of developing a diversified economy as well as village and town enterprises, we should also consider deriving some funds, to be used as subsidies, from increased government investment in capital construction for agriculture and animal husbandry.

Second, we should conscientiously carry out reform in state-owned enterprises.

Given the further implementation of the "Regulations Governing the Change of Operating Mechanisms in State-Owned Industrial Enterprises" and the "Measures of the Tibet Autonomous Region for Implementing the Regulations Governing the Change of Operating Mechanisms in State-Owned Industrial Enterprises," as well as the introduction of major reform measures by the autonomous regional government, administrative control of enterprise-type economic entities, the distribution of resources under mandatory planning, and direct interference in the way the economy operates under the traditional planned economic system are no longer dominant issues. Enterprises are, therefore, required to devote great efforts to deepening internal reform. First, they should improve management. They should begin internal reform by reforming their labor, personnel, and income distribution systems. They should improve the management of production, planning, technology, equipment, quality, materials, cost, and financial matters; try their best to improve managerial expertise; and earnestly shift the focus of their work to improving efficiency. They should strengthen worker training to improve labor quality. Second, they should carefully review and analyze market demand, readjust the product mix, develop new products, vigorously develop and manufacture readily marketable products, continue to improve product quality, and boldly tap new markets and capture market share. Third, they should fully tap their potential

and intensify their efforts at technical transformation. They should develop science and technology; continue to apply new technology, skills, and equipment; and improve product quality, expand the production of readily marketable products, and enhance their competitiveness through scientific and technological advances. While funds to be used for technical transformation and the development of new products should come mainly from bank loans, the government will offer financial assistance as appropriate.

Third, we should devote great efforts to market construction.

In light of Tibet's actual present conditions, markets should be constructed at three tiers. 1) Markets at and below the county level are mainly for the exchange of farm, livestock, and sideline products, as well as manufactured goods for daily use. Localities below the county level with proper conditions may set up swap stands, whereas larger markets should be built in county seats, and comprehensive markets may be built where local conditions allow. 2) Large markets should be built in the seats of administrative offices; they can be either comprehensive or special markets based on local specialties. Examples include a timber exchange in Nyingchi, a market in Shannan where ethnic manufactured goods can be exchanged, a grain exchange in Xigaze, a livestock products exchange in Nagqu, and so on. 3) The markets for production factors, such as science and technology, skilled manpower, labor, finance, and securities, should be gradually set up in Lhasa City on the basis of strengthening and improving the existing market system. Labor markets, in particular, must be set up as soon as possible because of the increasingly pressing need for such markets. The establishment of the aforementioned markets requires the investment of some capital. Investment should be made through various channels: Funds may be raised by collective and individual businesses, acquired through bank loans, or appropriately subsidized by the government. In short, markets must be constructed by every possible means, so that there are places for commodity exchange. While stepping up market construction, we should also ensure effective market management. The barriers and blockades between regions and departments must be broken down to ensure fair trade and competition on an equal footing. We should firmly crack down on the production, manufacturing, and sale of fake and shoddy goods to protect the consumer interests.

In the course of stepping up reform of the foreign trade management system, we should gear our economic and trade-related work toward the international and domestic markets, and properly manage imports and exports. First, we should vigorously organize exports to earn more foreign exchange. To ensure the supply of export goods, we should raise funds through various channels and build production bases for export goods step by step. As for traditional export products, we must do our best to upgrade them to enhance their competitiveness in the market. Meanwhile, we should export goods whose production is based on lateral economic ties, goods jointly manufactured with relevant enterprises in the hinterland and exported as Tibet's products. Second, we should continue to make full use of the state's preferential policy toward Tibet to import goods in earnest. As this work involves many areas, all concerned departments should make concerted efforts, coordinate with each other, and strive to do this work well. Third, we should vigorously improve the quality of foreign trade enterprises and their affiliated enterprises, and rectify those that are ill-managed and which operate in violation of relevant regulations. We should standardize the operations of enterprises as soon as possible, enhance their competitiveness, and raise their economic efficiency to increase local revenue. Fourth, we should not overlook border trade. We should strengthen the construction of border trading posts and venues, appropriately ease exit and entry inspections at the border to create a more relaxed environment for border trade, and continue to increase product variety and trade volume to bring about greater development in trade with neighboring countries and between people in border areas.

Fourth, we should strictly control price hikes.

Controlling the general level of price hikes is a social project. All prefectures (cities) and concerned departments must unify their ideology, coordinate their actions, and strictly control price hikes in accordance with the unified arrangements made by the autonomous regional people's governments. First, no new policies on price hikes may be introduced for prices administered by prefectures (cities) without the approval of the autonomous regional commodity price department. Second, old folks enjoying the five guarantees, as well as poverty-stricken households, must be properly taken care of, and unexpected problems should not be allowed to crop up under any circumstances. Third, the "vegetable basket," "meat basket," and "butter basket" projects should be strengthened; state-run commercial departments should play a role as the main channel through which commodities and materials are properly organized, allocated, and transported. Fourth, the supervision and inspection of commodity prices should be intensified. An inspection of all enterprises, individual industrial and commercial units, and administrative institutions that collect fees should be conducted according to the guidelines of the State Planning Commission's 7 March telephone conference, and efforts must be made to achieve initial results by the end of June. The inspection should focus on the prices of daily necessities and services that are closely related to people's lives. To help the consumer supervise prices, Tibet is conscientiously implementing the new system of introducing price tags.

Fifth, we must vigorously promote reform of the retirement pension scheme and the unemployment insurance system for workers.

To protect workers' legitimate rights and interests, and to maintain social stability, it is necessary to establish a sound social insurance system for retirees. Since Tibet

set up a pension fund for retirees on a trial basis in 1987. 451 enterprises and 28,500 workers have participated in the scheme, and pensions worth 296 million yuan have been paid to 12,400 retirees. Small-scale and single-category coverage under unified plans produced a deficit of 132.31 million yuan in 1993, of which 117.29 million yuan was covered by special subsidies from financial departments. The scheme has played an important role in protecting retired workers' livelihoods, in deepening enterprise reform, and in promoting economic development and social stability. For the next stage of the retirement pension scheme's reform, we have expanded the scope of coverage under unified plans, appropriately increased the proportion of retirement pensions in unified plans, incorporated the scheme into the social insurance system instead of merely relying on enterprises, and regulated funds under unified plans across the region in accordance with the principle of pegging expenditure to revenue so as to solve the problem of growing deficits in unified retirement pension plans. However, the new measures are still fraught with deficits incurred under the unified plans because of the poor economic efficiency of Tibet's enterprises and their limited ability to pay retirement pensions. In view of this, the autonomous regional financial department has provided 10 million yuan to the autonomous regional social insurance bureau to ensure the payment of pensions for retired workers. The government will make special arrangements for those enterprises that have difficulty in contributing to funds covered by unified plans.

The autonomous regional people's government issued Document No. 25 (1994) to relay the "Circular on Accelerating Reform of the Retirement Pension Scheme and the Unemployment Insurance System," in which it urged all prefectures (cities) and departments to earnestly strengthen leadership, improve relevant organs, and formulate concrete implementation measures in light of their actual conditions to carry out the reform.

Sixth, we should deepen reform of the fixed asset investment system and further improve the management of capital construction projects. Our ability to do so is limited, however.

The "Opinions on Reform of the Investment System and the Management of Capital Construction Projects," which were approved and released by the autonomous regional people's government's general office per Document No. 15 last year, were mainly concerned with the delegation of decision-making, examination, and approval power to lower organs. This year, on the basis of the aforementioned opinions and in accordance with the State Planning Commission's "Opinions Concerning Reform of the Investment and Financing Systems", the autonomous regional people's government relayed the "Circular on Deepening Reform of the Fixed Asset Investment System and the Management of Capital Construction Projects" per Document No. 26 (1994). The main points of the circular are: 1) Investment will be generally divided into three fields: competitive projects, basic projects, and public-welfare projects. From now on, the government will mainly invest in basic projects and public-welfare projects and will gradually withdraw its investment from competitive projects. Second, an investment risk- control mechanism will be gradually established. In a nutshell, we will uphold the principle of "those who make decisions are responsible for the consequences" when launching new projects in the future. According to this principle, decision-makers of new investment projects should undertake risks. We will investigate and affix the economic and legal responsibility of leading decision- makers for economic losses caused by blindly launched investment projects.

Third, the system of registering investment projects for the record will be instituted. All production and non-production projects invested and built by state-owned, collective, share-holding, private, and foreign enterprises in Tibet must be registered with the departments in charge of investment planning for the record in accordance with relevant regulations. Fourth, the autonomous region will continue to formulate mandatory plans for the total amount of budgeted and loan-based investments, and guidance plans for other investments by state-owned units. Forecasting plans will be made for investments by collective and individual enterprises, in which only the sum total will be listed with no breakdown. Tibet's budgeted investment will be arranged and managed by the planning department. From now on, prefectures (cities) and counties will no longer be asked to make supplementary investments in projects, which are set up and funded under the autonomous regional government's arrangements, to relieve their burdens. Fifth, an autonomous regional consulting company for construction projects will be set up. This company will mainly offer consultation and conduct assessments on competitive and basic projects to reduce and avoid mistakes in decisions concerning these projects. The company will be an institution practicing enterprise management; in principle, it will receive no financial appropriations, and will mainly pay its current expenses with income from consultation services. Its economic and legal responsibilities for mistakes in consultation and assessment will be specifically and clearly stipulated in the company's charter. Sixth, the design and construction markets will be gradually deregulated, the system of inviting and submitting tenders will be strictly practiced, and qualified design and construction units will be selected. Administrative interferences from all prefectures (cities) and departments are prohibited. Although the aforementioned reform measures have taken a step further from the opinions on reform issued last year, Tibet still needs to further deepen and improve reform of its investment system as the state's measures for reforming local investment systems are promulgated.

IV. Stepping Up Reform of the Planning System, and Strengthening and Improving Macroeconomic Regulation and Control

To establish a socialist market economic structure, we should make sure that markets play a basic role in the

allocation of resources under the state's macroeconomic regulation and control. State planning is one of the important means for macroeconomic regulation and control. The "decision" adopted at the Third Plenary Session of the 14th CPC Central Committee clearly stated: "The roles of macroeconomic regulation and control and market mechanisms are both essential requirements of a socialist market economic structure. They are an integrated one—they supplement and promote each other." To help the market system operate soundly, and to make it play a role in rationalizing the allocation of resources we should not only step up the construction of markets for production factors and deepen reform of the funding and other systems, but also attach importance to and improve the work of planning management, because planning is also an unignorable and important regulatory means in the market economic structure. "All things go smoothly if preparations are made but stall if not"—this explains that whatever we do, preparations and advance planning are indispensable. Although the market economy comes in different forms in the world today, it is regulated and controlled by governments to varying degrees. Actually, all countries have made achievements and accumulated rich experiences in practicing planning management that is compatible with market mechanisms. China is a developing socialist nation with vast territory. The gap among its various regions is wide, and its economic foundation is weak. Moreover, it has not gone through a historical phase in which commodity production is fully developed; thus, its social productive forces and markets are fairly underdeveloped. Therefore, it is all the more necessary to properly exercise macroeconomic regulation and control in a market economy to counteract the flaws inherent in the market and a malfunctioning market, as well as to guarantee and guide healthy market operations, so as to ensure the mutual coordination and promotion of reform, development, and social stability.

The planning model of economic work of the past can hardly meet the requirements of building a socialist market economy. Therefore, we must give more emphasis to macroeconomic regulation and control in future planning, deepen reform, and truly transform the functions of planning. We should shift from using planning as a principal means of directly intervening in economic performance to using planning as an indirect means of guiding the market economy, so as to serve all localities and departments. We should shift from directly managing enterprises to guiding enterprises with established policies, and provide better guidance and service to enterprises. We should shift from separating production from circulation to combining the two, devote great efforts to developing markets, and help enterprises grow by developing markets. We should shift from exercising direct management using administrative means to combining indirect management with necessary administrative means by comprehensively applying economically related legal means, policies, and information. The Tibet Regional Planning and Economic Commission has formulated six guidelines for reforming Tibet's planning and management system, and the Tibet Regional People's Government has issued Document No. 15 (1993) to approve and implement these guidelines. Based on these guidelines, we will continue to deepen reform of and refine Tibet's planning and management system.

This year, under the guidance of the state's macroeconomic regulation and control, the Tibet Regional Planning and Economic Commission, while carrying out its regular work, will devote its efforts to carrying out the following tasks: First, we will adjust Tibet's Ninth Five-Year Plan and devise an economic and social development program for the period leading up to the year 2010. The program's main points are to forecast Tibet's macroeconomic climate and the change in market supply and demand, to set macroeconomic regulation and control targets, to decide some important indicators for forecasting economic activities and social development, to establish macroeconomic policy and a corresponding major program for economic regulation, and to lay down a plan for mobilizing and utilizing the state's funds and resources. Second, we will study and establish Tibet's industrial policy; ensure a reasonable flow of production factors between industries, enterprises, and regions; ensure a reasonable distribution of such factors in various industries, enterprise, and regions; invigorate Tibet's pillar industries; keep track of the changes in the industrial structure; set the goals of and design measures for the development of key and pillar industries; and establish industrial and technological policies. We should coordinate industrial policy with the financial system's reform to lay a foundation for determining and levying investment regulatory taxes and to distribute resources in a better manner. Third, we will formulate a general program for the comprehensive development of state land. We will lay down a plan for utilizing, managing, and protecting state land; a plan for regional economic development; and a plan for conserving resources and for comprehensive utilization of resources. Fourth, we will ensure the construction of projects marking the 30th anniversary of the founding of the Tibet Autonomous Region. We will do good preliminary work for these projects; and properly coordinate and organize the manpower, materials, and financial resources for the projects and effectively put them to use. We will ensure the economic efficiency and quality of the projects and strive to achieve the best results with which to greet the autonomous region's 30th birthday.

Fellow deputies: The task of Tibet's economic reform and development this year is heavier than in previous years. Following the guidelines set by the Third Plenary Session of the 14th CPC Central Committee and the Fifth (Enlarged) Plenary Session of the Fourth Tibet Regional CPC Committee, we should work in unison and summon our energies to make contributions to accelerating the building of a socialist market economic structure in Tibet and to completely fulfill Tibet's 1994 economic and social development plan.

North Region

Beijing To Step Up Adoption of Local Legislation

OW0707074394 Beijing XINHUA in English 0706 GMT 7 Jul 94

[Text] Beijing, July 7 (XINHUA)—Beijing is acting to accelerate the pace of local legislation, unveiling 26 regulations and rules up to the end of this year, according to a local official.

The 26 regulations and rules cover the economy, urban administration, education, science and technology, culture and protection of citizens' legitimate rights and interests.

According to the official, all these regulations will have local characteristics but also conform to state laws.

The regulations to be published and enacted soon include the regulations on unfair competition, regulations concerning registration of foreign-funded joint ventures, regulations governing the management of the technological market, regulations on quality control of construction projects and regulations and rules concerning management of migrants and handling of letters and visits by local residents.

In addition, the city is planning to formulate another 86 local regulations and rules by 1997.

Hebei Secretary on Organizational Reform

SK0607123994 Shijiazhuang HEBEI RIBAO Chinese 22 Jun 94 p 2

["Excerpts" of speech by Cheng Weigao, secretary of the Hebei Provincial CPC Committee, made at the provincial work conference on organizational reform and implementation of the public service system in Shijiazhuang from 20 to 21 June]

[Text] The provincial work conference on organizational reform and implementation of the public service system is an important meeting to implement the guidelines of the third plenary session of the 14th party Central Committee and to implement the provincial party committee and government's decision on promoting the organizational reform. I am going to set forth several opinions as follows:

Seek Unity of Thinking and Be Determined To Achieve Two Reforms

Organizational reform and the implementation of the public service system are not only urgent tasks for reforming the political system, but also important conditions for deepening economic reform, setting up the market economic system, and accelerating the pace of the socialist modernization. The provincial party committee and the provincial government have paid full attention to these two reforms; have studied on several occasions the ideas, methods, steps, and major policies relating to the reforms; and have decided that starting this year, the people from higher levels downward should make concerted efforts to carry out the reform in a step-by-step and well-planned way. In April this year, the provincial-level organs were mobilized to conduct the reforms and also made reform arrangements. Simultaneously, the provincial-level organizational reform has been carried out step-by-step. Today, we mobilized all cities and prefectures to conduct the organizational reform and also made the reform arrangements.

Viewing the current actual conditions of the organs at various levels, we know that it is not only imperative but also pressing to carry out these two reforms. However, some comrades worry that under the current circumstances in which the reform tasks are arduous and the economic work is heavy, carrying out these two reforms will affect the progress of other reforms and the development of the economy. They also worry: The implementation of these two reforms is related to the personal interests of some cadres. Therefore, the failure to handle well the personal interests of the cadres will affect the stability of organs and society. The provincial party committee and the provincial government maintained: Although various reforms are being carried out this year and the dynamics of reform are strong, there are great difficulties in reform, and many economic problems have to be resolved, and these two reforms are the component parts of the package reform. So, these two reforms should be carried out in coordination with other reforms. The state conducted several major reforms in the first half of this year. Therefore, we have conditions to carry out these two reforms in the second half. Concentrating a period of time to carry out these two reforms is conducive to promoting the smooth progress of other reforms and the establishment of the socialist market economic system. In making the policy decisions on carrying out these two reforms, the provincial party committee and the provincial government also considered the following few points: First, the party Central Committee and the State Council required that the reform of the national organs should be completed within three years. There are less than two years to go to carry out this reform. Last year, the State Council asked to basically set up the public service system across the whole country within three years. So, the time for both reforms is considerably pressing. If we do not immediately make a start, the fulfillment of the reform tasks made according to the state unified arrangements will be affected. Second, our province was the first to concentrate a long period of time to discuss the issues concerning the local organizational reform. Both the cadres and the masses are ready to carry out the reforms. Third, six pairs of prefectures and cities merged last year. Thus, we made a key stride for reforming the administrative and management system. The newly merged city-level organs are excessively large in size and overstaffed and have excessively more leading posts. Thus, all these affected the work efficiency of the organs. If these

problems are not solved in a timely manner, the advantages brought about by amalgamation of prefectures and cities will be missing. In short, it is time to carry out these two reforms.

These two reforms are important policy issues involving many fields of endeavor and a complicated and arduous project. It is really very difficult to make these two reforms a success and many difficulties will occur. However, if we fail to conduct organizational reform, change the functions of organs, and establish the public service system, we will encounter not only greater difficulties and more problems but also many new contradictions. We should recognize that we have conditions for making these two reforms a success. First, the party Central Committee and the State Council have worked out specific plans and set forth explicit demands on these two reforms, and most of the organizational reform plans issued by the party Central Committee and the State Council have been issued. As far as the whole country is concerned, a macro climate for these two reforms has been formed. Second, at present, our province has enjoyed political and social stability, with a fairly good economic development trend and good external environment for implementing the two reforms. Third, our province has discussed organizational reform for many years, the broad masses of office cadres are well mentally prepared, our province has achieved some successful experiences in county-level organizational reform, some provincial, city, and prefectural departments have conducted experiments in selected units, and all levels have conducted some explorations in the transfer of personnel and made certain preparations for comprehensively carrying out these two reforms. Fourth, the provincial party committee and the provincial government have conscientiously studied some important issues cropping up in reform. They have explicitly defined the work ideas, methods, steps, and policy measures for carrying out these two reforms, and put forward tasks and principles for these two reforms. As long as we conscientiously act in line with the plans of the central authorities and the provincial party committee and government and carefully organize the implementation, it is possible for us to successfully carry out these two reforms.

Grasp the Crux and Exert Efforts To Change Functions

Changing functions, improving relations, streamlining administration, and raising efficiency are the objectives of this organizational reform, of which changing functions should be given top priority. Without changing functions, we will have difficulties in improving the relationship between organs and other sectors under the market economic conditions and lack a basis for determining the size of organs and personnel. The essence of this organizational reform is to make the upper structure meet the needs of building the socialist market economic system. This demands us to fundamentally change the government functions and to determine a rational organ and personnel size on this basis. We can see that whether we can grasp the crux of changing functions or not has a direct bearing on the success or failure of this reform. At present, some localities and departments have the trend that they all held streamlining administration and personnel is an essential task and changing functions is a minor one. Therefore, they have exerted efforts to streamline administration and personnel size and failed to keep their eyes on changing functions. This is erroneous and harmful. If we only pay attention to increasing or streamlining organs and personnel and fail to achieve a tangible progress, we will be unable to attain the expected objectives in organizational reform. Finally, this will inevitably restrict the development of the productive forces and affect the formation of the socialist market economic system.

Changing functions means that we must delegate to the grass-roots levels all the powers we should delegate and strengthen all the functions we should strengthen in line with the needs of the socialist market economic system and realistically do a good job in micro opening up and invigoration and in overall management. There are problems existing in the current administrative and managerial system. The powers that should be delegated to lower levels by the governments have not really been delegated to lower levels. Some obstacles still exist. The situation of regarding enterprises as accessories to administrative organs has not been completely changed. Some administrative organs still create more interferences in enterprises' microeconomic activities. What do the departments under governments manage under the market economic conditions for strengthening the macroeconomic management? The targets and tasks are not clear enough and the forms and methods are not well defined. The departments fail to positively and actively grasp the things that have been clearly defined. The change of functions mainly involves two aspects. First, the decisionmaking power that belongs to enterprises should actually be delegated to enterprises. The functions for market regulation should actually be transferred to markets. Second, it is necessary to set up and perfect the macroeconomic regulation and control system. These two aspects dialectically unite with each other. It is necessary to achieve the work in these two aspects. We are not allowed to have the ideas of having no daring to delegate powers, being not willing to delegate powers, or withdrawing the powers that have been delegated to lower levels just because we still have to strengthen the macroeconomic regulation and control in the course of stressing the market economy. Nor are we allowed to unilaterally stress the necessity to simplify administration and delegate powers, to wash our hands of the business, or to strengthen the functions for macroeconomic regulation and control that should be strengthened. From now on, the governments should focus the management of the economic work on formulating and implementing the macroeconomic regulation and control policies, achieve the construction of infrastructural facilities, create a good environment for economic development, cultivate a market system, supervise market operation, maintain equal competition, regulate social

distribution, organize social guarantee, control the population growth rate, protect both natural resources and ecological environment, manage state property, supervise the management of state property, and realize the economic and social development targets. The governments should comprehensively apply economic, legal, and necessary administrative means to manage the national economy but not directly interfere in enterprises' production and management activities any longer.

The key to changing functions hinges on changing ideas. At present, the old ideas, old methods, and old habits existing in the organs still affect the province's reform, opening up, and economic development. This is still a prominent problem. Some organs get used to the unitary planned economic management forms and have many links and difficulties in handling affairs. Some organs still hanker after grasping power and gaining profits. The people find it difficult to enter their gates, see smiling faces there, and get their things done there. These organs refuse to do things for people who do not give bribes and roughly do things for those who give bribes. These outdated and backward ideas and corrupt styles are obstacles that must be eliminated through reforms. The change of functions is certainly related to the readjustment of rights and interests. Therefore, we cannot but come across the contradictions between the interests of departments and those of the whole and between the interests of localities and those of the state. The main reasons why some departments and localities are not willing to change functions, simplify administration, or delegate powers and even cut the powers that belong to enterprises are that some departments and localities safeguard the interests of the part and the localities to the neglect of the overall situation of reform. Worrying about the gains and losses of the part has directly interfered in the change of government functions and the deepening of reforms. It is necessary to strictly enforce "three prohibitions" in the course of conducting the organizational reform and changing the government functions. That is, it is necessary to separate government functions from enterprise management. Administrative companies (groups) must not be established. The enterprise group companies which are organized and established through organizational reform must not deprive enterprises of their qualifications for legal persons. The powers that should be delegated to lower levels according to the orders of the central authorities and the province must not be cut or obtained by any levels or any departments.

For a long time, the problems of overlapping of functions and unclear responsibilities seriously existed among organs and departments at all levels, and the malpractices caused by the improper relations among departments, the shifting of work responsibility onto other people, and low working efficiency were the big obstacles hindering the deepening of reforms, expanding of opening up, and acceleration of economic development. Changing functions and improving these relations constitute an important task of this organizational reform. In improving the relations of departments, we should clearly define the principles of improvement: First, the principle of trying our best to link our functions and disposition of personnel with those of the relevant departments at all levels so as to guarantee a link-up between the higher and the lower levels; second, the principle of combining unified management with different management at different levels and departments so as to clearly define the relationship between the pertinent departments and the coordinated management departments; third, the principle of multilayered management with an emphasis on improving the relationship between the comprehensive economic departments, and between the comprehensive economic departments and the special economic management department.

Changing functions and improving relations constitute complicated and meticulous work. All localities should be willing to exert efforts to make this a work a success. We should organize special forces to study tasks for changing functions, formulate plans and measures for changing functions, clearly define the principles and demands of improving relations, offer views for classifying matters of the higher and the lower levels, and then implement the views one by one. Through investigations and study, each and every department should answer three questions: First, what did they manage under the past planned economic conditions and what were their limits of authority? Second, in line with the demands of the socialist market economic system, what should they manage or not manage in the future, what functions should they weaken or abolish, and what functions should they retain or strengthen? Third, what kind of problems concerning overlapped functions and unclear responsibilities do they have, and how to clearly define the functions and responsibilities in order to rationalize their relationship? Based on these, we should formulate specific plans for changing functions and improving relations. We should shift and delegate to the lower levels all the functions we have defined for shifting and delegation as quickly as possible, actively create conditions for shifting and delegating to the lower levels those functions that we cannot shift or delegate to the lower levels for lack of conditions, and never refuse to manage the work or delay the management.

We Should Advance Despite Difficulties and Do a Good Job in Streamlining Administration and Personnel Transfer

Streamlining and transferring personnel is the crucial issue of organizational reform and the precondition for establishing and promoting the state public service system. If we fail to do a good job in streamlining administration and personnel transfer, it is impossible to smoothly carry out these two reforms. So, it will not do to go without streamlining administration and transferring personnel, or to fail to make this work a success. The

provincial party committee and the provincial government have stressed that regardless of how big the difficulties are and how many reasons they have, all levels must guarantee the accomplishment of this work to the letter.

In order to do a good job in streamlining administration and transferring personnel, we must pay attention to three points: First, we should combine streamlining administration and personnel transfer with the development of productive forces. Our broad masses of party and government office cadres are fairly high in political ideology and awareness, with a fairly good educational foundation and professional quality and definite managerial experience and professional expertise. They are the important forces for developing the socialist market economy. Our organs at all levels should actively guide the office functionaries to walk out of the organs, give full play to their wisdom and ability, and exert efforts to build an economically strong province. Second, we should correctly understand the relationship between streamlining administration and transferring personnel.

To streamline administration, we must have personnel transfer, but personnel transfer is not simply aimed at streamlining administration. It is mainly aimed at changing the functions of organs, readjusting and optimizing the structure of personnel, and promoting the establishment of the state public service system. Therefore, departments charged with the task of streamlining administration should carry out personnel transfer, and departments charged with or without the task of streamlining administration should also transfer their personnel in line with the demand of changing functions and readjusting the personnel structure. Third, we should correctly handle the relationship between streamlining administration and strengthening organs. Some comrades stress lopsidedly that their departments are the ones that should be strengthened and stress the importance and peculiarity of their work. So, they are unwilling to streamline their administration and even want to increase the number of personnel. Actually, departments that need to be strengthened must not only pay attention to increasing the number of personnel. Instead, they should strengthen the overall functions through changing functions and work style and raising quality and efficiency. Judging from the present situations of organs at all levels, a considerable number of organs are overstaffing and are low in efficiency. So, they have great potential for streamlining administration and raising efficiency. We may say that departments with weak functions should streamline administration and transfer their personnel, and departments whose functions have been strengthened should also streamline administration and transfer personnel. Streamlining administration does not mean to weaken the functions and strengthening functions does not mean to increase the number of personnel. The two have the relationship of dialectical unity and cannot be absolutely separated.

To streamline administration and transfer personnel, we must solve the issue on the channels of personnel transfer. The provincial authorities have initially proposed eight channels. We think that the most important one is to encourage and mobilize the personnel of organs to develop tertiary industry to meet the needs of developing the market economy, carry out socialized service, and run economic and service entities, with an emphasis on running economic service entities of the service, production, scientific, technical, and open types and all sorts of consulting, information, and social intermediate service organizations. First, all levels and all departments should support and encourage organs to run entities in the course of streamlining organs. It is necessary to formulate preferential policies, help, support and care for their finance, tax revenue, funds, work sites, and treatment. Second, we should grasp the policies. It is necessary to manage things strictly in accordance with the relevant stipulations of the central and provincial authorities. Third, we should take active and prudent steps. We should proceed from the actual situation of our own organs and the practical needs of economic and social development, seek truth from facts, carry out whatever projects we can, and should not aim too high, rush headlong into mass action, and be overanxious in seeking quick success. We should realistically seek actual results.

During this organizational reform, we should not only do a good job in streamlining administration and transferring personnel but also establish an internal optimum mechanism for this work. First, we should change organizational set-up and the size of personnel from one being managed by "the people" to one being managed by "law." Once when the organs and personnel sizes are defined, they have the authority vested by laws and regulations. No unit or individual can arbitrarily change them. Second, the size of organs should be linked with their working fund budgets and wage funds, the working funds should not be increased when the number of personnel is increased and the working funds should not be reduced when the number of personnel is reduced. The wages of the reduced number of personnel may be regarded as bonuses for internal use by units whose number of personnel are reduced. Third, through the promotion of the state public service system, we should establish incentive and competition mechanisms, and let people with both ability and political integrity, strong professional competence, and mass basis serve as responsible persons of organs; select the best ordinary personnel to leading posts so that workers can work at higher or lower levels as required and can be recruited or dismissed according to a contract system, select the best and eliminate the bad, and guarantee the high quality and high working efficiency of office personnel.

Take the Overall Situation Into Account and Strengthen Leadership Over the Two Reforms

Sizing the opportunity, deepening reform, expanding opening up, promoting development, and maintaining stability are the general tasks of the whole party and the whole country during this year. How to make the organizational reform and the implementation of the public

service system be submitted to and serve the general task of the country is a major issue that the party committees and governments should conscientiously pay attention to. The provincial party committee and the provincial government hope that all cities and prefectures should take the overall situation into consideration; appropriately handle the relationship between these two reforms and other reforms, economic development, and stability; and make a unified plan and a coordinated arrangement. The general requirement is to satisfactorily accomplish the tasks for organizational reform and the implementation of the public service system on the basis of guaranteeing reform, development, and stability.

The key to achieving organizational reform hinges on preparations. There must be full preparations before this reform. It is necessary to firmly grasp the reform after preparations. In the course of reform, we should define, as soon as possible, the setup of organizations, appraise and decide on the number of staff and the number of posts, and make a clear distinction between the personnel who continue in office and those who are allowed to run enterprises and economic entities at the grassroots. The personnel who are transferred from organs by streamlining administration are allowed to be assimilated step-by-step, and the task for arranging these personnel should be completed within three years in principle. We should "rely on three aspects" in order to achieve these two reforms. First, rely on the efforts made by the leaders themselves. Principal responsible persons of the party committees and governments at various levels should engage themselves in the reforms, responsible leaders should specifically grasp the reforms, and functional departments concerned should concentrate energy to grasp the reform work by conducting investigations and study, formulating plans, defining policy measures, and specifically organizing forces to implement the plans and policy measures. The province will dispatch capable cadres to cities and prefectures to help conduct the reforms. Second, rely on policies. With many sensitive problems, these two reforms are matters relating to the personal interests of the people and setting higher policy requirements. All localities and departments should begrudge making efforts to study and implement policies. Third, rely on the ideological and political work. Whether or not the reforms can smoothly be carried out depends on the upgrading of the people's ideological awareness and the mobilization of the people's consciousness and enthusiasm. So, we should forcefully carry out the ideological and political work to actually turn the arrangements of the provincial party committee and the provincial government into the conscious acts of the broad masses of party members and the office personnel. Particularly, six newly merged cities, undertaking heavy tasks for reducing the staff and confronted with a comparatively complicated task, should pay more attention to the ideological and political work, stabilize the thinking and feelings of their office cadres, get rid of the unstable factors that will possibly arise, ensure a stable replacement of the old administrative and managerial and personnel affairs system by the new ones, and guarantee a success in the two reforms. We also need the support of all levels and all departments in order to achieve the reforms. Particularly, the provincial, city, and prefectural departments should proceed from the overall situation, support the lower levels to conduct reforms according to actual conditions, and avoid interfering in the setup of organizations, the arrangement of functions, the standards for organizations, and the size of staff.

Reforming the organizational system and implementing the public service system is a glorious and arduous task entrusted to us by history. So long as we take Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics as guidance, work cautiously and prudently with the spirit of holding ourselves responsible to the undertakings of the party and the people, implement policies in a down-to-earth manner will we be able to achieve desired results.

Tianjin Secretary Inspects Markets

SK0607125894 Tianjin People's Radio in Mandarin 2300 GMT 5 Jul 94

[Text] On the afternoon of 5 July, Gao Dezhan, secretary of the municipal party committee, strolled around the markets, called on the staff members and workers of the commercial departments who were working despite the hot weather, and also held talks with the cadres of the commercial front.

He stressed: It is necessary to deepen reforms and upgrade efficiency step-by-step. As long as enterprises make vigorous development, Tianjin will have great prospects.

Together with Vice Mayor Zhang Haosheng, Gao Dezhan visited the stalls of light and textile industrial products under a department store, a limited company as well as the sales exhibition hall of the wholesale department store. They had a look around the exhibition halls; visited counters; cordially held talks with staff members and workers there; asked, in detail, them about where these commodities were made, the proportion of Tianjin-made commodities, the commodity prices, the situation in management and marketing of commodities, the business profits, and the difficulties ahead of them.

Gao Dezhan encouraged the staff members and workers on the commercial front to widely open marketing channels, individually display their talents, increase sales and profits, enrich markets, and [words indistinct].

Gao Dezhan urged that the staff members and workers on the commercial front should pay attention to the overall situation to promote commerce and develop commerce to promote the development of the overall situation.

He pointed out: Commerce occupies an extremely important position and plays a key role in Tianjin's economic development. Our fighting goals are to strive

to promote Tianjin's national economy, including Tianjin's economic strength and enterprises' economic results; and to increase the revenues of [words indistinct] as well as the income of the staff members, workers, and the people. To realize these goals, the commercial enterprises assume heavy responsibility. Particularly, the economic results of state-owned commercial enterprises have a great bearing on the overall economic situation of Tianjin. We should build Tianjin into a commercial, trade, and financial center in north China. The realization of this goal depends on the reform and development of the commercial enterprises as well as the cultivation and construction of the market system. Thus, the broad masses of staff members and workers on the commercial front should further clearly understand the duty they are undertaking, enhance the sense of mission and the sense of responsibility, strive to promote the development of commerce, elevate their work to a new height, and make new contributions to rejuvenating Tianjin's economy and making all people of the municipality rich.

Gao Dezhan also pointed out: Only when enterprises are vigorously developed will the economy be well developed. There are many requirements for achieving the development of enterprises. The most important requirements are to turn deficits into profits and to increase efficiency. These are the general indicators for the work of enterprises. The fundamental way for turning deficits into profits and increasing efficiency hinges on deepening reform.

He stressed: Through investigations and study, the leading cadres and the office cadres at various levels across the municipality should do concrete deeds; grasp the work for the latter half of the year in a firm, solid, and better way; strive to comprehensively fulfill or exceed the 1994 tasks and targets; and ensure that the work done in 1994 will be better than that of last year. Those who failed to attain the requirements of progress in the first half of the year should make up for the deficiency in the second half. Those with weak links discovered through investigations and study should make efforts to turn their weak links into strong ones in the second half of the year. Trades, enterprises, and units should make a breakthrough in resolving the key problems relating to themselves, further deepen reforms, and ceaselessly upgrade efficiency.

Harbor in Tianjin Opens To Traffic

SK0707020794 Tianjin People's Radio in Mandarin 2300 GMT 6 Jul 94

[Text] (Beihang) Harbor, the first local port in Tianjin, opened to traffic on 6 July.

This harbor started construction in May 1993. Tanggu District invested more than 19 million yuan in the construction of this harbor. So far, a 220-meter-long wharf and three 1,000-ton-class berths, covered in the first-phase project of the overall plan for the construction of this harbor, have been built; and this harbor has 500,000 tonnes of annual loading and unloading capacity.

According to the long-term plan, 15 to 20 small- and medium-sized berths, with 5 to 8 million tonnes of annual loading and unloading capacity, will be built on (Beihang) Harbor. So far, two 500-ton-class cargo ships have been made available to the users.

Northwest Region

Shaanxi Secretary Speaks on Control of Armed Forces

HK0607125594 Xian Shaanxi People's Radio Network in Mandarin 0010 GMT 3 Jul 94

[Text] On the morning of 3 July, the Standing Committee of the Shaanxi Provincial CPC Committee held a meeting to consider measures to further strengthen the party's control over the armed forces in the situation of the province's developing socialist market economy. Wang Zhicheng, member of the standing committee of the provincial party committee and commander of the provincial military district, delivered a report on the party's work concerning control of the armed forces throughout the province since 1990. Zhang Boxing, secretary of the provincial party committee and chairman of the provincial people's armed forces work committee, set out the following requirements for the party's control over the armed forces.

First, it is necessary to effectively conduct national defense education among al the people, especially making proper arrangements for the institutions, content, form, and the responsibilities of such education. Party committees at all levels and in all localities of this province should be clear about their tasks concerning the party's control over the armed forces, and should make efforts to control the orientation of the work, handle the key issues, and solve difficulties. The leading bodies of the people's armed forces departments should be further consolidated. At the same time, party committees and governments at all levels and in all localities should fulfill their duties faithfully and should ensure the healthy development of armed forces work. The management of the people's armed forces and the use of the people's armed forces should be integrated properly. The important role of the militia and reserve forces in economic construction, maintaining law and order, carrying out dangerous and difficult tasks, and building spiritual civilization should be brought into full play.

In conclusion, Zhang Boxing required party and government leaders at all levels to go deep into reality, make investigations and studies, sum up experience, understand the objective laws governing the work, gradually build up an integrated system for the party's management of the armed forces, and raise the building of the reserve force in this province to a new level.

Liu Ronghui and Wen Yimin, deputy secretaries of the provincial party committee, and Cheng Andong, Chen Sanmin, Liu Quichu, and Ai Qingshan, members of the standing committee of the provincial party committee, attended the meeting. Zhao Lianchen, political commissar of the provincial military district, also attended the meeting as an observer.

Xinjiang Official Reports on Economic Development

OW0707030494 Beijing XINHUA in English 0235 GMT 7 Jul 94

[Text] Guangzhou, July 7 (XINHUA)—The vast, landlocked Xinjiang Uygur Autonomous Region in northwest China will try to open still wider to the outside world, a regional government official said here.

Speaking at a recent news conference held during the ongoing 1994 Guangzhou Fair, Hu Liangcai, head of the Xinjiang delegation, said, "Xinjiang will also gear its economy to the economy of the world as a whole."

The investment environment in Xinjiang is improving steadily, he said.

For instance, the double-tracking of the Lanxin railway from Lanzhou, the capital of Gansu Province, to Urumqi, the capital of Xinjiang, is scheduled for completion in mid-September this year, boosting the railway's transportation capacity by 50 percent.

An optical fiber cable linking Xian, the capital of Shaanxi Province, to Urumqi via Lanzhou is expected to go into operation at the end of August, providing 9,600 long-distance telephone circuits.

Hu Liangcai said five new ports of entry have opened recently in Xinjiang's border areas, bringing the number of such ports to twenty.

Xinjiang currently has 30 air routes to other major cities in China and three international air routes, he said.

An economic and trade fair has been held annually in Urumqi since 1992, he said.

He added that business people from countries bordering Xinjiang and from Japan, the Republic of Korea, Southeast Asia, North America, Europe, West Asia, the Middle East, Hong Kong and Macao will be invited to the 1994 fair, which will be held September 1-8.

He said that Xinjiang has 122 types of minerals, with verified reserves accounting for a quarter of China's coal, crude oil and natural gas holdings.

With four oil fields in operation, Xinjiang pumped out 10 million tons of crude oil in 1993, he said.

He predicted that Xinjiang's oil production will top 34 million tons annually by the end of the century.

Xinjiang is a major quality cotton production center in China, with cotton output reaching 700,000 tons in 1993, he said.

To date, Xinjiang has established trade and economic cooperation ties with 50 countries and regions, he said.

Imports into and exports from the autonomous region amounted to 912 million U.S. dollars in value in 1993, up 30 percent over the previous year.

The region had approved the establishment of 508 foreign-funded firms by the end of 1993.

Taipei To Present GATT Membership Proposal in Late Oct

OW0607150494 Taipei CNA in English 1339 GMT 6 Jul 94

[By Y.C. Tsai]

[Text] Taipei, July 6 (CNA)—Taiwan will present its protocol for entry into the General Agreement on Tariffs and Trade in late October, according to a timetable set by the cabinet-level GATT task force.

Under the timetable, the "initial commitment list" of service industries—a commitment to further open domestic service markets—will come out in mid-July.

The list will then serve as the basis of bilateral talks between Taiwan and GATT contracting parties. The GATT Secretariat will also complete its own checklist for Taiwan's GATT entry, said Hsueh Chi, vice chairman of the Council for Economic Planning and Development (CEPD) and a member of the task force.

If all goes well, Hsueh noted, the GATT working party on Taiwan's membership should hold its sixth meeting in late July or early August, during which Taiwan's proposed foreign-trade regime will be screened.

The working party's seventh and eighth meetings are scheduled for late September and late October, respectively, he pointed out. Taiwan hopes to be granted membership into GATT by the end of the year.

While Taiwan will continue to hold bilateral tariff-concession consultations with GATT members, the executive branch will also seek the legislature's support for the proposed protocol, he said.

Talks With EU on Nation's GATT Accession Conclude

OW0707083094 Taipei CNA in English 0749 GMT 7 Jul 94

[By P.C. Tang and Y.C. Tsai]

[Text] Brussels, July 6 (CNA)—The first round of bilateral tariff talks between Taiwan and the 12-member European Union (EU) under the framework of the General Agreement on Tariffs and Trade (GATT) ended here late Wednesday [6 July].

Both sides said the two-day meeting was "very useful."

Taiwan's Vice Economic Affairs Minister Sheu Ke-sheng, who led the 29-member Taiwan delegation to the tariff negotiations, said the meeting mainly dealt with Taiwan's proposed tariff reductions and initial commitment list on the opening of financial and shipping service markets.

Regarding the time frame for Taiwan to liberalize its service markets, EU delegates stressed that Taiwan should meet GATT standards for a developed country in line with its membership application, Sheu noted.

The 17 EU delegates were headed by Joseph Cunnane, an official in charge of Asian affairs at the European commission's first agency.

During the consultations, Sheu pointed out, the EU welcomed Taiwan's willingness to join multilateral talks on government procurement and civil aircraft. Taiwan earlier informed the GATT Secretariat of its willingness to enter into these talks.

The EU also agreed that the GATT working party on Taiwan's membership should hold its sixth meeting during the last week of July to facilitate Taiwan's admission to the world trade regulating body at an early date, he said. The sixth working party meeting is tentatively scheduled for July 25-27 in Geneva.

While requesting the EU to support Taiwan's flexible measures on farm imports, Taiwan promised to bring its quarantine and examination practices for agricultural imports in line with the Uruguay Round codes reached last December, he pointed out.

Taiwan's tariff reduction negotiations with Finland, Norway, Sweden and Denmark will be held Thursday in Brussels. Huang Yen- chao, director-general of the Board of Foreign Trade, will head the Taiwan delegation at the meeting.

The Taiwan delegation held similar talks with Hong Kong, Singapore, Turkey and Argentina in Geneva last week.

Taiwan now holds observer status in the GATT and is expected to receive full membership by the end of this year.

Spokesman Says Taipei Undecided on U.S. Arms Purchase

OW0707083594 Taipei CNA in English 0816 GMT 7 Jul 94

[By C.C. Chen and Sofia Wu]

[Text] Taipei, July 7 (CNA)—The Republic of China [ROC] is still evaluating whether to buy the U.S.-produced XM8 armored gun system (AGS), a military spokesman said Thursday [7 July].

The spokesman was commenting on a JANE'S DEFENSE WEEKLY report which said that the United States has agreed to sell more than 700 XM8 AGS to Taiwan.

The XM8 AGS is a light self-propelled artillery unit suitable for rapid battlefield deployment, the spokesman said.

"Although we do not have an immediate demand for this type of armored gun system, we are evaluating the

necessity of buying the artillery," the spokesman said, stressing that no final decision has been made.

The London-based DEFENSE WEEKLY said the U.S. Department of State issued a "go-ahead" on June 21 to United Defense Co. to sell 105 mm XM8 armored gun systems to Taiwan.

This was the first time the U.S. has agreed to export the new self-propelled gun system, the magazine said.

United Defense Co. was established by the FMC Defensive System Co. and BMY Offensive System Co.

JANE's said United Defense may cooperate with Taiwan's Hwa Fong Industries to produce 105 mm AGS for Taiwan use. Hwa Fong signed an agreement with FMC last year on technology transfer and joint production of the AGS, the weekly said.

It also quoted informed sources as saying Taiwan may only buy half of the artillery that the U.S. has offered to sell.

JANE's said several other Asian and European countries have also expressed interest in buying the U.S.-produced XM8 AGS. United Defense will cooperate with a German firm to promote sales of the weapon in NATO countries, it added.

Taipei To Prepare for Sea, Air Links With PRC

HK0607085394 Hong Kong SOUTH CHINA MORNING POST in English 6 Jul 94 p 10

[By Dennis Engbarth in Taipei]

[Text] Taipei will prepare during the coming year a concrete policy and technical programme for the development of direct sea and air links with China, but talks on the issue are not likely until key obstacles concerning the jurisdiction of cross-strait navigation regulations and rules are settled.

The decision was made during the last day of a two-day official internal review of Taiwan's policy towards mainland China and its implementation.

The conference ended yesterday with the publication of Taipei's first White Paper on cross-strait relations and the announcement of 55 new work plans in 16 policy areas in the cultural and education, legal and administrative, and economic and financial fields.

Perhaps the most important concrete item in what was generally a conference marked by a cautious approach was the decision to prepare during the coming year the programme on forming direct sea and air links.

Mainland Affairs Council (MAC) vice-chairman Kao Koong-lien said his agency, which is responsible for co-ordinating Taipei's policy towards the mainland, will take responsibility for "policy level" issues. These include evaluating the impact of direct links on national security, how such links and travel will be politically defined, and consideration of the potential costs and benefits of direct links.

Mr Kao said the Ministry of Transportation and Communications (MOTC) would be responsible for developing an evaluation and plan on related technical issues.

After the MOTC finishes its work, the MAC will be ready "to begin negotiations at an appropriate time" with Beijing.

One MAC official added that the MOTC's review would include a thorough reconsideration of the possible airports and ports that could be used for direct sea and air links.

However, Mr Kao said that the obstacles on the policy level resided in Beijing. He pointed to problems related to the "authority" of navigation regulations and laws which "must be solved through discussions on an equal basis".

Mr Kao urged Taiwan businessmen and private citizens "to bring these to the attention of mainland Chinese leaders".

Taipei has held that direct links with the mainland could only be considered after Beijing dropped its threat to use force against Taiwan and recognised the island as a political entity.

Conference Weighs Liberalizing Trade With PRC

HK0607085794 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 6 Jul 94 p 3

[By Dennis Engbarth in Taipei]

[Text] A key conference on Taiwan's policy towards China kept the reins tight on proposed liberalisation on cross-strait trade and investment, citing concern about the possible political use by Beijing of the island's growing economic ties with the mainland.

Attended by more than 300 Taiwan Government officials, the second internal conference on mainland affairs agreed to allow the Taiwan insurance industry association to apply to Beijing to set up a liaison office in China.

Delegates also agreed that the Ministry of Transport and Communications and the Mainland Affairs Council (MAC) should draft concrete proposals to institute direct transportation links with China within a year. Taiwan banks will be permitted to issue Taiwan currency based on letters of credit held by local exporters and which are issued by foreign bank branches in the mainland or by offshore Chinese banks.

Taiwan banks will also be allowed to open letters of credit for importers wanting to do business in China.

But the conference failed to reach agreement on proposals to allow mainland trade and economic personnel

to visit Taiwan for training, or to allow Taiwanese to go to China to settle labour disputes.

Proposals to add 12 industrial categories and 633 items of goods to the eligible list for indirect investment on the mainland by Taiwan manufacturers were also delayed until "a suitable time" due to opposition by the Mainland Affairs Council.

MAC chairman Huang Kun-hui said: "Investing in the mainland is one, but not the only, option for the Taiwan economy."

The conference was organised and dominated by the MAC, which is responsible for co-ordinating Taipei's policy on China.

The MAC, which is seen as cautious on the issue of expanding the range of cross-strait economic ties, apparently blocked consideration or passage of a number of proposals for trade and investment liberalisation raised by the Ministry of Economic Affairs (MOEA) and other agencies.

Fears that Taiwan's economic competitiveness could be eroded by excessively close links with the mainland and that the Chinese Communist regime could use ties to press for political influence in Taiwan seemed uppermost on the MAC's agenda at the conference.

The conference decided that a white paper should be drafted "to evaluate the costs and benefits and analyse the future direction of cross-strait economics and trade" and formulate Taipei's economic strategy towards the mainland.

The Ministry of Economic Affairs will be primarily responsible for this task.

The formulation and regular reporting of an index of international competitiveness, indicators to track the performance of both the Chinese and Taiwanese economies, and regular reporting of the cross-strait balance of payments was also approved.

The conference also decided to continue work on mapping out an industrial division of labour between Taiwan and the mainland and mandated gradual expansion of the items eligible for mainland investment and liberalisation of mainland semi-finished products under this framework.

Army Buys 200 Patriot Missiles From U.S.

OW0207083294 Taipei CNA in English 0647 GMT 2 Jul 94

[Text] Washington, July 1 (CNA)—The Republic of China [ROC] has signed a contract with Raytheon Corp. for the purchase of 200 of the most advanced version of Patriot missiles, the same type as those recently sent to South Korea in preparation for a possible outbreak of violence on the Korean peninsula, sources told CNA Friday [1 July].

The sources confirmed that the contract was signed between the ROC Army and Raytheon on June 29.

The sources said that the contract was signed after more than one and half years of hard bargaining between the two sides, and all the rights of the ROC Army are well protected as to what type of missiles, penalities for failing to meet the requirements of the contract, and how disputes are to be arbitrated are all clearly defined in the contract.

The Patriots to be delivered to the ROC are the improved version of the Patriots that were used during the 1991 Persian Gulf war. According to the U.S. Department of Defense, improvement has been made on both hardware and software of the missile defense system to make it more effective in intercepting incoming targets.

The United States sent some of the same type of advanced Patriots to South Korea to defend U.S. and South Korean military facilities on the Korean peninsula earlier this year as tension heightened due to disputes over North Korea's nuclear weapons program.

Air Force May Lease Foreign Airspace for Training

OW0607080894 Taipei CNA in English 0719 GMT 6 Jul 94

[By Debbie Kuo]

[Text] Taipei, July 6 (CNA)—The Republic of China [ROC] Air Force is considering leasing the skies over foreign countries to use for pilot training, an Air Force spokesman said Wednesday [6 July].

The Air Force has been plagued by a lack of air space for flight training because of Taiwan's limited territorial air, most of which is used for civilian flights, King Kang-po, director of the Air Force's Combat Operations Department said.

Scarce air space means limited training hours for pilots, which cuts the combat readiness of the Air Force, King asserted.

The Air Force has only about 30 minutes each day for military flight training, he added.

King said the Air Force is considering following the example set by China Airlines which is using the Philippines' skies for flight training.

King made the statement in a report at the Legislative Yuan on the establishment of an interministerial aviation management organization.

The spokesman suggested that civilian airlines help increase the efficiency of air usage by increasing the number of bigger airplanes and reducing flights of smaller airplanes.

Vice Defense Minister Liu Chih-yuan, who was also present at the Legislative Yuan session, did not respond to legislators' questions on whether the Air Force is leasing skies from the Philippines for flight training.

Business Group Plans To Develop Regional Jetliner

OW0407114194 Taipei CNA in English 0718 GMT 4 Jul 94

[By Sofia Wu]

[Text] Taipei, July 4 (CNA)—Yeu Tyan Machinery Mfg. Co., [word indistinct] automobile and motorcycle manufacturer in Taiwan, is planning to join forces with Asian partners to develop 80 to 180-seat regional jetplanes in the United States, a company spokesman said Monday [4 July].

Yeu Tyan's U.S.-based subsidiary, Advanced Aerodynamics Structures Inc. (AASI), has successfully developed a six-seat turboprop plane, dubbed the jet-cruzer [spelling as received], the spokesman said.

"The U.S. Federal Aviation Administration (FAA) has certified our jet-cruzer, which was developed by a group of Chinese-American aviation experts and engineers headed by Carl L. Chen," the spokesman said.

He added it was the first time a Chinese-developed airplane has received FAA certification.

The North Hollywood-based company has received orders for more than 100 jet-cruzers and is developing a 1-seat single-engine turboprop and eight to 12-seat twin-engine jet planes, the spokesman said.

He revealed that several aerospace companies in mainland China, South Korea and Thailand have expressed interest in cooperating with AASI in developing 80 to 100-seat jetliners. Development of the [word indistinct] will require U.S.$1 billion, the spokesman said. AASI is evaluating the possibility of carrying out the project in cooperation with Asian partners, he added.

[Word indistinct] hopes to win FAA certification for the regional jetliner within four to five years, the spokesman said. "A large part of components and parts [words indistinct] the new jetliner will be introduced in Asia," he added.

CNA Cites Report on Human Rights Situation

OW0707075594 Taipei CNA in English 0720 GMT 7 Jul 94

[By N.K. Han]

[Text] Washington, July 6 (CNA)—Amnesty International has given credit to Taiwan in its 1994 report for acquitting a possible prisoner of conscience in March 1993.

The report, to be released Thursday [7 July] in the United States, noted that Chang Tsan-hung, a possible prisoner of conscience, was acquitted of charges of sedition and attempted murder for which he had been sentenced to 10 years' imprisonment in June 1992. The Taiwan high court ruled that "no direct evidence could prove he resorted to violence and threats" in his advocacy of independence for Taiwan.

The report also noted that Chen Tzu-tsai, a prisoner of conscience, was released in November 1993 after serving a one-year prison sentence for illegal entry into Taiwan.

A conscript, Chen Shih-wei, died in July 1993 as a result of torture in an Army disciplinary unit, the report said.

"There was no provision to allow him to apply for exemption from military service on grounds of conscience. He had reported to his unit for military service about 36 hours later than permitted. As a punishment, he was immediately assigned to the Li-The training unit, based on Green Island, where officers were apparently ordered to single him out for severe punishment," it said.

Chen was imprisoned, handcuffed and tortured for more than two days. He was then taken to hospital where he died four days later. Two officers were indicted on manslaughter charges and appeared before a military tribunal in October 1993, said the report.

The 352-page report, which details human rights violations in 151 countries, also said that prisoners under sentence of death in Taiwan continued to be held in conditions amounting to "cruel, inhuman or degrading treatment." It noted that these prisoners were forced to wear ankle shackles at all times, including during exercise periods.

Amnesty International said it had criticized in an earlier report Taiwan's permanent shackling of condemned prisoners as an arbitrary additional punishment, but that Taiwan's vice minister of justice stated in July 1993 that shackles were necessary to prevent escape and suicide.

The annual report noted that Taiwan's prison law was revised to allow executions to be carried out by lethal injection, instead of by firing squad. It quoted unofficial reports as saying that at least three condemned prisoners were executed by firing squad in 1993.

"Organs from the executed prisoners were used for transplants. Amnesty International feared that death-row prisoners were not in a position to give genuinely free consent to the use of their organs," the report added.

Court Sentences 26 People for Vote-Buying, Corruption

OW0207083594 Taipei CNA in English 0728 GMT 2 Jul 94

[By Benjamin Yeh]

[Text] Kaohsiung, July 2 (CNA)—The Kaohsiung District Court in southern Taiwan Saturday [2 July] sentenced 26 people to up two years in jail on charges of vote-buying and corruption in connection with the March 1 city and county council elections.

Wu Ho-sung, the speaker of the Kaohsiung County Council, and Deputy Speaker Huang Ckhen-kwai both received a 20-month jail term and had their civil rights suspended for three years.

According to the verdict, the two offered a sightseeing trip to councilors in exchange for their votes in the speaker and deputy speaker elections.

There is no substantial evidence showing the two, both members of the ruling Kuomintang [KMT], had used money to buy votes, the judge said, explaining why the two were given relatively light punishments compared with those of defendants in other counties and cities. Both pleaded innocent to the charges.

Twenty-four other people, including 22 councilors, a farmers association secretary and a Democratic Progressive Party cadre, were also found guilty by the Kaohsiung District Court and sentenced to prison terms ranging from seven months to two years.

Fifty-nine people in four counties and one city have previously been sentenced for either paying or accepting bribes in the poll. Separately, prosecutors in nine other cities and counties across Taiwan have accused more than 350 on similar charges in what has become Taiwan's worst election scandal.

The KMT won all 23 city and county council speaker posts in the polls.

Official Explains How Copyright Regulations Work

OW0707041494 Taipei Voice of Free China in English 0200 GMT 2 Jul 94

[Text] Copyright protection will be extended to 118 countries and areas of the world if Taiwan joins the General Agreement on Tariffs and Trade, or GATT. However, a seminar revealed on Thursday [30 June] that despite the willingness to conform to the regulations, many local publishers are still quite confused over copyright-related issues. Wang Chuan-lu, chairman of the Interior Ministry's Copyright Committee, was invited by the ROC [Republic of China] Publishing Association to speak in Thursday's seminar on how the publishing industry here can cope with the changes after Taiwan joins GATT. Copyright authorization only means that the publisher will not violate the copyright of the author in publishing his work. The author could authorize another publisher to publish his work if he likes, Wang explained. It must be specified in a contract that the copyright owner agrees to surrender his copyright to the publisher in the transaction, he added.

Taipei Establishes Consumer Protection Commission

OW0107142494 Taipei CNA in English 1354 GMT 1 Jul 94

[By Y.C. Tsai]

[Text] Taipei, July 1 (CNA)—The government on Friday [1 Jul] formally established the cabinet-level consumer protect on commission in a bid to strengthen the rights of consumers in Taiwan.

Premier Lien Chan, while addressing the opening ceremony, said that the establishment of the unit will have a positive impact on producers of consumer goods.

The commission is the first government-sponsored organization of its kind in Taiwan. The private consumers foundation has been in operation for 14 years.

The relationship among consumers, producers, and service providers should be complementary rather than antagonistic, Lien pointed out. Noting that protection for consumers is a government responsibility, the premier expressed the hope that all government sectors will join hands to effectively implement all laws and measures on consumer protection.

Headed by Vice Premier Hsu Li-teh, the commission has 17 members, whose tenure of office will be three years. Commission members include Interior Minister Wu Po-hsiung, Economic Affairs Minister P.K. Chiang, Fair Trade Commission Chairman Wang Chih-kang, and Professor Wang Tzo-chien of National Taiwan University.

Kao Ching-yuan, chairman of the Chinese National Federation of Industries, pointed out that increased protection for consumers will push the industrial and business sectors to emphasize product quality and after-sales service.

The business community need not fear the new government move on consumer protection, said Kao, who is also a member of the new commission.

2d Half Economic Growth Should Exceed 6.3 Percent

OW0407114594 Taipei CNA in English 0736 GMT 4 Jul 94

[By Lilian Wu]

[Text] Taipei, July 4 (CNA)—Economic growth in the second half of the year should exceed 6.3 percent, the Council for Economic Planning and Development (CEPD) said Monday [4 July].

CEPD officials, while releasing a report on Taiwan's economic prospects in the second half of this year, said they expect domestic investment to increase due to an

ample supply of money, the government's policy of easing money supply and continued drops in the interest rate.

Combined with strong export performance in the second quarter, increased domestic investment should help push economic growth above 6.3 percent in the second half, they said.

The industrial production index recorded an annual increase of 6.4 percent in the first five months this year while the manufacturing industry increased [number indistinct] percent during the same period. Both figures are 24-month highs, the officials said.

On exports, the officials noted that although exports were sluggish in the first quarter, the second quarter saw strong export growth.

They said that since April, annual growth in exports and export orders rose above six percent.

The annual money supply was controlled at the targeted 15 percent, while consumer prices in the first five months registered an annual increase of 3.5 percent, below the targeted 3.8 percent.

The economy looks good, even better than most of the countries in the world, CEPD officials said.

As the world economy recovers from a slump and the new Taiwan dollar depreciates, export growth is expected to pick up steam, the officials added.

Foreign investment is also expected to increase, showing that foreign investors are still eyeing the growing Taiwan market, the officials said.

The officials predicted that economic growth in the second half of the year will be higher than the 6.3 percent predicted earlier by the directorate general of the budget, accounting and statistics. Annual economic growth is expected to reach six percent.

Nation's Jan-Jun Trade Surplus Declines 28 Percent

OW0707084194 Taipei CNA in English 0810 GMT 7 Jul 94

[By Y.C. Tsai]

[Text] Taipei, July 7 (CNA)—Taiwan posted a trade surplus of U.S.$2.39 billion in the first half of 1994, marking a 28.9 percent decline from the year-earlier level, the Ministry of Finance reported Thursday [7 July].

Citing customs-clearance trade figures, ministry officials said that exports totaled U.S.$43.42 billion between January and June, up 3.5 percent from a year before, while imports grew 6.3 percent to U.S.$41.03 billion.

The officials blamed the negative growth in favorable trade balance mainly on the substantial trade deficit increase with Japan and Europe as well as a fall in shipments to the United States.

In the six-month period, they noted, Taiwan's trade imbalance with Japan rose 5.6 percent to U.S.$7.35 billion and deficit with Europe reached U.S.$1.32 billion, while the trade surplus with the United States shrank 28.9 percent to U.S.$2.06 billion.

Taiwan, however, enjoyed an ever-increasing trade surplus with Hong Kong, the entrepot of indirect trade across the Taiwan Strait. The surplus topped U.S.$9.2 billion in the first six months of this year, a 14.3 percent rise from last year.

In June alone, exports amounted to U.S.$7.2 million, up 2.7 percent from a year ago, and imports increased 2.2 percent to U.S.$6.78 billion, thereby registering a surplus of U.S.$420 million. The surplus was a 13.1 percent advance from a year earlier.

The heavy industry and chemical sector posted the biggest increase in June exports, up U.S.$190 million, or 5.3 percent, from a year before. Imports of agricultural and industrial materials, mainly grain and integrated circuits, increased U.S.$180 million, or 3.9 percent in June, topping the list of import growth.

Former French Minister: Taipei Could Use High-Tech

OW0407113894 Taipei CNA in English 0713 GMT 4 Jul 94

[By Debbie Kuo]

[Text] Taipei, July 4 (CNA)—Taiwan should open its doors to French technology as part of its bid to upgrade industrial structure and internationalize finance and business development, former French Economics and Finance Minister Xavier Ortoli said Sunday [3 July].

Ortoli, chairman of the National Management Committee of France, said President Li Teng-hui shared his view that Taiwan and France should enhance cooperation in many fields including high technology, economics and bilateral trade.

In a news conference prior to his departure at the end of a four-day visit here, Ortoli said he met with President Li Friday at the Taipei World Trade Center where Li paid a visit to the French Technology Exhibition, the largest such show in Asia in the past 15 years.

Ortoli quoted Li as saying that France, the world's fourth largest industrial nation, can lend its extraordinary experience in nuclear power generation, [word indistinct] development, environmental protection and urban development to Taiwan.

Among others, Ortoli said, Taiwan could use France's expertise and experience in nuclear power generation.

France is the top nuclear power user in the world, with 56 plants generating some 75 percent of the country's electricity.

France's high-speed railway system, or the TGV, is currently the fastest in the world, Ortoli said, adding that development know-how of TGV, its rail systems and locomotives have been used in Spain, South Korea, and in the Channel Tunnel connecting Paris and London.

The French Technology Exhibition, sponsored by the French Institute in Taipei and the French Committee for Trade [word indistinct] Abroad, opened Friday and will close Monday afternoon. The show is the centerpiece of a series of "French Month" activities, which began June 20.

On display at the exhibition are high-tech products from the aerospace, transportation, energy, telecommunications, electronics, measuring and control equipment, environmental technology, construction, medical and petrochemical industries.

Meanwhile, the French delegates, who are led by Chairman Francais Doubin of the French External Commerce Center, held three [word indistinct] workshops Monday with their Taiwan counterparts in the fields of energy, environmental technology, and urban development to exchange views for further cooperation.

Foreign Minister: Pope To Visit 'If He Can Find Time'

OW0407114294 Taipei CNA in English 0747 GMT 4 Jul 94

[By Sofia Wu]

[Text] Taipei, July 4 (CNA)—Pope John Paul II will visit Taiwan if he can find time, Foreign Affairs Minister Chien Fu said Monday [4 July] upon his return from Europe.

Chien left for the United States in mid-June to attend a seminar sponsored by the World Forum. He then traveled to the Vatican for a three-day official visit.

Chien said the Vatican, the only European country that maintains diplomatic ties with the Republic of China [ROC], gave him a warm reception.

Chien met with the pope and other senior Holy See officials. "All of them told me that the Vatican attaches great importance to its ties and friendship with the ROC," Chien noted.

On behalf of President Li Teng-hui, Chien invited the pope to visit Taiwan. "The pope said he appreciated Li's invitation and would visit Taiwan if his schedule permits," the minister told the press.

Chien also visited the Czech Republic, Sweden and Belgium following his Vatican trip. He chaired a meeting in Brussels of ROC officials stationed in Europe.

Chien is expected to brief the press on his visits to the Czech Republic and Sweden later.

Mainland Agricultural Products 'More Competitive'

OW0407084894 Taipei CNA in English 0729 GMT 4 Jul 94

[By Danielle Yang]

[Text] Taipei, July 4 (CNA)—The Council of Agriculture (COA) Monday [4 July] warned of an influx of mainland Chinese agricultural and fishery products onto the international market after both Taipei and Beijing are admitted into the General Agreement on Tariffs and Trade.

Mainland Chinese agricultural products cannot be ignored since they are more competitive than those produced here, COA officials said.

The officials said the market share for Taiwan agricultural products in the United States, Japan, and Hong Kong has been declining, while the mainland Chinese market share has been expanding.

The amount of agricultural and fishery products shipped from mainland China to Taiwan via Hong Kong is also increasing, an indication that Taiwan is increasingly dependent on mainland Chinese food products, the officials noted.

Increased investments by Taiwan businessmen in the mainland's agricultural and fishery industries also pose a threat to Taiwan's farm industry, the officials added.

In related news, the COA will study the possibility of allowing imports of 12 agricultural and [words indistinct] from mainland China.

Since Taiwan enjoys large trade surplus with the mainland, mainland officials may ask Taiwan to loosen restrictions on imports of mainland Chinese agricultural and fishery products to balance trade, the officials explained. The 12 products include rice, cane sugar, pork, chicken, duck, peanuts, garlic, red beans, eel, shrimp, tea and mushrooms, the officials said.

To reduce the possible impact on Taiwan farmers, the COA will also explore which Taiwan exports are best suited to the mainland market.

Taipei To Host World Fishery Conference 18-21 Jul

OW0407084194 Taipei CNA in English 0705 GMT 4 Jul 94

[By Danielle Yang]

[Text] Taipei, July 4 (CNA)—A conference on international cooperation for fisheries and aquaculture development will open at the Rand Hotel July 18-21 with more than 100 local and foreign scholars and experts participating.

The conference is sponsored by the Institute of Fisheries Economics of National Taiwan Ocean University and the International Institute of Fisheries Economics and Trade (IFET).

This will be the first time for Taipei to host the IFET biennial conference, a spokesman for the university said.

Conference discussions will focus on the fishing industry, aquaculture, [words indistinct] seafood market and international trade, and fisheries management, the spokesman said.

Internationally-renowned scholars to speak at the conference include IFET's Jon Sutinen and Erhard Ruches of the Food and Agriculture Organization (FAO) of the United Nations.

IFET Asian International Academic Organization which boasts a membership of more than 450 fisheries economics scholars and experts. [sentence as received]

Council of Agriculture Chairman Sun Ming-hsien will speak at the opening ceremony on July 18. Fishery officials from Indonesia, Thailand, Vietnam and the Philippines will also make reports on fishery investment during the four-day conference.

Fishing representatives from the United States, Norway, Britain, India, Zimbabwe, Senegal and Nigeria will participate in the conference.

Hong Kong

CCTV Interviews Lu Ping on Transition, Other Issues

OW0707044994 Beijing Central Television Program One Network in Mandarin 2310 GMT 5 Jul 94

[Interview with Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, by unidentified correspondent at the Hong Kong and Macao Affairs Office on 30 June—recorded; from the "Sons of the East" in the "Oriental Time and Space" program]

[Excerpts] [Lu] As far as I am concerned, I have no personal ambitions. I only hope for a smooth transition in Hong Kong—for Hong Kong's smooth return to the fold of the motherland—by 1 July 1997. Time is running out. We have only three years left. Therefore, all our comrades should, on the one hand, have a sense of calling. On the other, they ought to have a sense of urgency. [video shows medium closeups of Lu Ping in a dark blue Western business suit speaking in his office, then cuts to show him unveiling an electronic indicator showing the countdown to 1 July 1997]

[Correspondent] Director Lu, the Hong Kong Legislative Council [Legco] approved Patten's constitutional reform package at 0300 today. As our chief official in charge of Hong Kong and Macao affairs, do you have mixed emotions about this development?

[Lu] Although Patten's constitutional reform package was passed today, there were quite a few negative votes. This shows that there is a substantial dissenting voice in the British Hong Kong Legco regarding Patten's constitutional reform package. According to the package, the current Legco will remain in office until 30 June. On 1 July 1997, we will form anew the Hong Kong Special Administrative Region's first legislature in accordance with the Basic Law.

[Correspondent] During Patten's visit to Mainland China after assuming office in 1992, you told him about your feelings regarding Hong Kong. You said: In three years time you will return to Britain to continue your political career. However, Hong Kong is my last posting. I love Hong Kong more than I do my children. Why does Hong Kong occupy such a position in your heart?

[Lu] This is because on the one hand, the party and state have entrusted a mission to us. This mission is very glorious, and we must complete it successfully. To complete the mission, we should consider national interests as well as Hong Kong's interests in everything we do. We cannot have ulterior motives. On the other hand, I have been involved in Hong Kong and Macao affairs for over 10 years. I am emotionally attached to this job. Also, I have developed a feeling—a special feeling—for Hong Kong. It is my hope that Hong Kong will remain prosperous and stable. This is what we really have in mind, as well as the policy of our party and state.

[Correspondent] The Hong Kong people greatly admire the image and demeanor which you exhibit when managing Hong Kong's affairs. The father of a three-member family which was watching you on television reportedly said: What Lu Ping says is quite reasonable. The mother said that with your locks of gray hair, you displayed engaging manners. The son said: Wow, he is speaking in English! What role do you think your personal charm plays in your job?

[Lu] This is of secondary importance. This is absolutely of secondary importance. What is really important is that we follow the state policy toward Hong Kong. [passage omitted on Lu Ping's background, personal hobbies, and post-retirement plans]

[Correspondent] Men do not shed tears easily. But we heard that you wept when the Basic Law was signed.

[Lu] That is true. That is when the law was passed at the Great Hall of the People. When the law was voted on, everybody was applauding and I was weeping. I was deeply moved. I always think that a person's life is worth living if he or she can do even one significant thing for the country.

Beijing Television Broadcasts Program on Lu Ping

HK0607155594 Beijing ZHONGGUO XINWEN SHE in English 1403 GMT 6 Jul 94

[Text] Beijing, 6 Jul (ZHONGGUO XINWEN SHE)—The China Central Television today broadcast a programme about Mr. Lu Ping, director of the Hong Kong and Macao Affairs Office under the State Council of China, revealing his inner world and telling his political aspirations.

In the programme, standing before the electronic indicator for countdown to 1997 recently hung in the hall of the Office, Mr. Lu said seriously that there was only three years left to the handover in 1997. "On the one hand, we should have a sense of calling. On the other, we ought to have a sense of urgency."

Mr. Lu talked about his special feelings for Hong Kong. He said he had been associated with Hong Kong affairs for more than ten years and had only one wish, i.e., hoping Hong Kong maintained its prosperity and stability and fulfilled the smooth transition of sovereignty. To achieve this goal, Mr Lu said that he would not let down the Party and the state and would take into consideration of the national interests as well as Hong Kong people's interests. [sentence as received]

Mr. Lu was born in an intellectual family in the concession of Shanghai in 1927. It was reported that he had joined the Communist Party of China as early as when he was a student in the agronomy college of the St. Johns University. Talking on the reason why he chose to study agronomy, Mr. Lu smiled and answered that his previous intention had been to study science and engineering, but poverty of his motherland struck him so much, besides

he was influenced by the novels of the Soviet Union, he believed at that time that the collectively-owned communes were the sole solution to farmers.

Four years ago, when the Basic Law of the Hong Kong Special Administrative Region was passed at the meeting of the National People's Congress, Mr. Lu wept amidst thunderous applause. Recalling the past, Mr. Lu said it was worth living if one was able to do even one significant thing for his country in his life.

Mr. Lu is also a music lover. He has had a hi-fi set and packs of CD. He is particularly fond of classical music. After his retirement, he said, he would enjoying playing computer.

Qian Qichen Notes 'Progress' in Committee's Work

OW0707110894 Beijing XINHUA in English 1036 GMT 7 Jul 94

[Text] Beijing, July 7 (XINHUA)—The five subcommittees of the Preliminary Working Committee for the Preparatory Committee of the Hong Kong Special Administration Region (SAR) have made remarkable progress in the study of the major problems, especially those urgent ones that the Hong Kong people are most concern about, said Qian Qichen, vice-premier of the State Council and SAR chairman, here today.

Addressing the plenary session of the Preliminary Working Committee, Qian said all of the panels have fulfilled their original work plans.

He said that the panel on political affairs has already studied more than half of the topics assigned to it.

The panel focused on discussing the establishment of the first legislative committee and the organization of districts according to the changes that will take place in the political situation in Hong Kong.

The members of the panels held identical views that the three- tier political structure in Hong Kong will terminate with the ending of Britain's administration over Hong Kong in 1997.

As long as there is no agreement between China and Britain, any three-tier political structure elected according to the electoral bill passed by Hong Kong's Legislative Council will no longer be valid after June 30, 1997.

The first legislative committee and district organization of the Hong Kong SAR will be re-organized in accordance with the Basic Law for Hong Kong SAR and the related decisions of the National People's Congress (NPC).

Qian noted that the panel meetings have formulated the basic framework for the methods for the election of the first legislative committee of the Hong Kong SAR.

He said that the panel meetings also discussed some important issues such as the establishment of the first SAR government, the relations between administration and legislation and the stability of the civil service system.

He said that the economic panel and its sub-panels discussed the financial arrangements for Hong Kong's new airport and the draft regulations for running the airport, the management of land funds after 1997, the reform of the Shenzhen land exit points, the coordination of port management between Shenzhen and Hong Kong, coordination of railways and highways in Guangdong and Hong Kong, retirement and social security, and policies concerning land and housing.

The panel promoted the Sino-British negotiations on financial arrangements for the airport by putting forward important suggestions concerning the third and fourth financial arrangements for the airport raised by the British side.

In May the economic panel and political affairs panel held their first meetings in Hong Kong. After the meetings, the members of the panels from the mainland sought opinions from people and organizations of all walks of life in Hong Kong, including NPC deputies, members of the National Committee of the Chinese People's Political Consultative Conference and advisors on Hong Kong affairs as well as political and civil associations, on the transfer of administrative power, smooth transition and suggestions about the work of the Preliminary Working Committee.

The members also visited people in their homes in the New Territories.

Qian said that all of these activities attracted the attention of the news media in Hong Kong, and they showed the important role of the Chinese Government in its efforts to achieve resumption of its sovereignty over Hong Kong and expanded the social influence of the Preliminary Working Committee for the Preparatory Committee of Hong Kong.

The law panel raised its preliminary suggestions on the methods for handling properly the contradictions between Hong Kong's law and the Basic Law of the Hong Kong SAR, the possible law gap when the SAR will be set up after July 1, 1997.

The panel also studied the British Hong Kong Government's revision of the original law in the transitional period.

The culture panel held a dozen forums with the participation of the personnel of education and publishing circle on textbook issues.

The society and security panel discussed the issues of residents' freedom in entering Hong Kong and taking Hong Kong as permanent residence, retirement guarantees and SAR passports.

The panel members listened to opinions from various circles, and their interpretation and publicity of the Basic Law played an active role in reassuring Hong Kong residents.

Qian said that on the basis of reviewing the previous work done by the panels of the Preliminary Working Committee, the third plenary session of the committee will focus on the methods for the election of the first legislative committee and district organizations so that the Preparatory Committee of the Hong Kong SAR can adopt and promulgate them.

During the session the panels will give reports and study the tasks for the latter half of the year.

PRC, UK Draft Notes on Military Sites

HK0107133894 Hong Kong TA KUNG PAO in Chinese 1 Jul 94 p 3

[Report: "Draft Notes by the Foreign Ministry of the People's Republic of China and the British Embassy in China on Agreement Reached by the Sino-British Joint Liaison Group [JLG] on the Use of Military Sites in Hong Kong"]

[Text] The Sino-British Joint Liaison Group reached yesterday an agreement on the issue of the future of the present defense lands in Hong Kong. The full texts of the diplomatic notes (draft) of the Chinese and British sides are as follows:

Note by the Foreign Ministry of the People's Republic of China (Draft)

The Foreign Ministry of the People's Republic of China extends its compliments to the United Kingdom Embassy in China and would like to mention the discussions carried out by the Sino-British Joint Liaison Group concerning the issue of arrangements for the future use of the military sites in Hong Kong, including the buildings and fixed facilities within the sites (hereafter called military sites).

To meet the needs of troops in charge of defense to be stationed by the Government of the People's Republic of China in Hong Kong beginning from 1 July 1997, to give consideration to the needs of social and economic development of Hong Kong, and in accordance with relevant provisions on the responsibility of defense of the Hong Kong Special Administrative Region [SAR] stated in the "Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong," the Sino-British Joint Liaison Group has carried out discussions on the issue of arrangements for the future use of military sites in Hong Kong and has reached an agreement on 30 June 1994. The agreement reached in the discussions which the Sino-British Joint Liaison Group has proposed to the two governments for endorsement is as follows:

1. The United Kingdom Government will hand over without compensation the 14 military sites listed in Appendix I (attached) to the Government of the People's Republic of China so that the troops to be stationed by the Government of the People's Republic of China in the Hong Kong Special Administrative Region can use them entirely for defensive purposes beginning from 1 July 1997. The concrete arrangements for handing over will be further discussed between the two sides. Before the handing over, the United Kingdom Government will ensure and seek necessary funds for the proper protection and timely maintenance of military sites listed in Appendix I in order to keep them intact and to preserve their original functions; these military sites or part of them can be used by the British Hong Kong Government for temporary purposes which conform with the objective of ensuring proper protection and timely maintenance. The United Kingdom Government will inform the Government of the People's Republic of China in good time of the purposes of any temporary use.

2. To give consideration to the needs of the social and economic development of Hong Kong, the Government of the People's Republic of China agrees that beginning from 1 July 1997, the 25 military sites listed in Appendix II (attached) need not be used for defensive purposes. Before that date and when the troops stationed by the United Kingdom Government in Hong Kong no longer need the military sites mentioned above, the sites will be handed over without compensation to the British Hong Kong Government for its disposal. Before 1 July 1997, these lands will be granted by the Sino-British Land Commission in accordance with Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong. The Chinese side will take a positive attitude toward this.

3. Since the military sites listed in Appendix II will be handed over to the British Hong Kong Government for its disposal before 1 July 1997, some buildings and fixed facilities to be needed by the Chinese troops for defensive purposes within these military sites will be affected. To ensure that these buildings and fixed facilities can continue to be used for defensive purposes beginning from 1 July 1997, the United Kingdom Government will ensure and seek necessary funds for providing without compensation buildings and fixed facilities listed in items 1 to 4 of that Appendix in places agreed by both sides and listed in Appendix III (attached) and the British Hong Kong Government will fulfill the commitment in item 5 of that Appendix. On this matter, the Government of the People's Republic of China will actively cooperate.

4. To ensure the smooth handing over of the military sites in Hong Kong between the two sides, the United Kingdom Government will hand over to the Government of the People's Republic of China relevant documents and drawings of military sites listed in Appendix I and buildings and fixed facilities listed in Appendix III.

Concrete arrangement for the handing over will be separately discussed by the two sides. txt
The Foreign Ministry would like to confirm, on behalf of the Government of the People's Republic of China, the above agreement and its three appendixes. If the United Kingdom Embassy, on behalf of the United Kingdom Government, confirms in a reply note the above agreement and its three appendixes, the above agreement and its three appendixes carried in this note and the reply note of the embassy will constitute an agreement on the arrangements for the future use of military sites in Hong Kong of the Government of the People's Republic of China and the United Kingdom Government and will come into force on (day) (month) 1994.

In accordance with relevant provisions of The Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China, the Government of the People's Republic of China makes the following statement on the issue of military sites to be used by troops stationed in the Hong Kong Special Administrative Region (hereinafter called the stationed troops):

1. Beginning from 1 July 1997, the Government of the People's Republic of China will be responsible for defense of the Hong Kong Special Administrative Region. The troops and their personnel to be stationed in the Hong Kong Special Administrative Region to undertake the tasks of defense shall observe the laws of the Hong Kong Special Administrative Region in addition to national laws. While ensuring the effective fulfillment of tasks of defense, the stationed troops shall follow regulations concerned on land development and use and on urban construction and planning.

2. Military sites to be handed over to the stationed troops will be used entirely for defensive purposes. Their rights of use cannot be transferred and they cannot be used by other people for non-defense use. If a plot of land used by the stationed troops is no longer needed for defensive purpose, it will be handed over without compensation to the Hong Kong Special Administrative Region at its disposal. With loftiest respect. The Foreign Ministry of the People Republic of China (seal) (day) (month) 1994 Beijing

Appendix I:

Military sites to be handed over by the United Kingdom Government to the Government of the People's Republic of China to be used by troops stationed in the Hong Kong Special Administrative Region beginning from 1 July 1997:

Hong Kong island:

1. The western part of the Prince of Wales Barracks in Central.

2. Stanley Barracks on the Stanley Peninsula.

3. Headquarter House in Barker Road on the Peak.

4. The Queen's Lines in Admiralty.

5. Bonham Towers, military dormitory in mid-levels.

Kowloon:

6. The Gun Club Hill Barracks, No. 127, Austin Road, Tsimshatsui.

Begianing from 1 July 1997, the NAAFI [Navy, Army, Air Force Institute] will continue to make use of all its facilities with the same conditions as at present. Residents can continue to become members. Commanders or representatives of stationed Chinese troops will be responsible for giving guidance and managing the institute.

7. Osborn Barracks in Kowloon Tong.

8. The senior officer residence in 1A, Cornwall Street, Kowloon Tong.

9. Stonecutters Island.

Explosives for civil use on the island will be removed while the present military explosives storehouse will be retained.

New Territories:

10. The Shek Kong Camp and Shek Kong village in Yuen Long.

11. The Cassino Lines and Tam Mi Camp in Yuen Long.

12. The Gallipoli Lines and the San Wai/Tai Ling Firing Range in Fan Ling.

13. The Castle Peak firing range.

14. The coastal watching station, Tai O, Lantau Island.

Notes: This Appendix has a total of 17 maps. The red lines in the maps attached indicate the boundaries of military sites. The attached maps also indicate the major non-military rights and benefits within the military sites, including the right to pass, lands for special uses, permitted graveyards, government facilities, and places registered as places with special scientific value.

If these non-military rights and benefits, other government facilities, the facilities of public utilities companies, and ancestral gravevards are effective rights and obligations or the legitimate and traditional rights and benefits of the indigenous residents of the New Territories according to effective laws originally in Hong Kong, they will continue to be effective and will be recognized and protected beginning from 1 July 1997 on condition that they are not in conflict with provisions of the Basic Law of the Hong Kong Administrative Region of the People's Republic of China.

Appendix II:

Military sites to be released to the British Hong Kong Government for disposal

Hong Kong Island:

1. East Tamar in Central District.

2. Royden Court soldiers' dormitorires in Repulse Bay.

3. So Kon Po soldiers' sports ground.

4. Mount Austin Mansions (Blocks A and E) in the Peak area.

5. Cape Mansions (parts) on Mount Davis Road.

6. Harcourt Place soldiers' dormitories in Happy Valley.

7. Cape Collinson Cemetery on Cape Collinson Road.

Kowloon:

8. The British military hospital in King's Park Rise.

9. Blackdown Barracks in San Po Kong.

10. The Joint Military Movements Unit in Kai Tak Airport.

11. Tudor Court soldiers' dormitories in Kowloon Tong.

12. St. George's School in Kowloon Tong.

13. Vista Panorama soldiers' dormitories (parts) in Beacon Hill.

14. Kowloon Tsai soldiers' dormitories in Beacon Hill.

15. Mission Road soldiers' sports ground in Mao Tau Wai.

16. Naval Base on North Stonecutters Island.

New Territories:

17. Perowne Barracks and Gordon Hard in Tuen Mun.

18. Dills Corner Camp in Sheung Shui.

19. Lo Wu Camp and Lo Wu Range in Sheung Shui.

20. Burma Lines Barracks in Fan Ling.

21. Ping Chau Training Camp on Ping Chau island.

22. High Island Training Camp in Sai Kung.

23. Pearl Island soldiers' dormitories in Tuen Mun.

24. Beas Stables soldiers' dormitories in Sheung Shui.

25. Gurkha Cemetery and Cassino Lines in Yuen Long.

Note: There are 26 maps attached to this Appendix. Red lines in the attached maps indicate military sites to be released to the British Hong Kong Government for disposal.

Appendix III:

Military buildings and fixed facilities to be handed over to the Chinese garrison for reconstruction

1. Naval Base on the southern shore of Stonecutters Island.

The effective water area in this base is 400 meters multipled by 400 meters; water depth is nine meters below the datum point [ji zhun 1015 3294]. The reclamation area is 12 hectares and the total area of facilities on land is 28,830 square meters. The standards for buildings and fixed facilities are the same as those originally adopted by the Tamar Naval Base in Central District. For details, please see the attached "Design Requirements for Redeveloping the Naval Base on the Southern Shore of Stonecutters Island."

2. Military hospital in Gun Club Hill Barracks.

There are 124 beds in the military hospital and 40 suites for married medical personnel (20 two-bedroom, one-lounge suites; 10 three-bedroom, one-lounge suites; and 10 four-bedroom, one-lounge suites). The gross construction area is 15,786 square meters (including 3,600 square meters of medical personnel dormitories). The standards for buildings and fixed facilities are the same as those adopted by the British military hospital in King's Park Rise. For details, please see the attached "Design Requirements for Redeveloping Military Hospital in Gun Club Hill Barracks."

3. Military warehouse in Sek Kong Camp.

The warehouse total area is 12,050 square meters and the total area of administrative buildings is 3,340 square meters. The standards for buildings and fixed facilities are the same as those adopted by the Blackdown Barracks' military supply warehouse in Kowloon. For details, please see the attached "Design Requirements for Redeveloping the Sek Kong Camp Military Supply Warehouse."

4. Military transportation center at Chek Lap Kok Airport.

The coverage area is 1,680 square meters and the gross construction area is 790 square meters. The standards for buildings and fixed facilities are the same as those adopted by Kai Tak Airport's Joint Military Movements Unit. For details, please see the attached "Design Requirements for Redeveloping Chek Lap Kok Airport's Military Transportation Center."

5. Reserving a coastal line for military port construction in the Central District-Wanchai Reclamation Area.

The British Hong Kong Government will reserve a 150-meter-long coastal line at the permanent end of the Central District-Wanchai reclamation area close to the Prince of Wales Barracks for military port construction after 1997.

Note: The fixed facilities clarified by this Appendix do not include movable furniture or easily carried equipment.

Draft Note by the United Kingdom Embassy in China

The United Kingdom Embassy in China gives its regards to the Ministry of Foreign Affairs of the People's

Republic of China and notifies that it has received the ministry's note dated (day) (month) 1994 on the discussion by the Sino-British Joint Liaison Group on the issue of the future use and arrangement of Hong Kong military lands. The first part of the note has the following contents:

"The PRC Ministry of Foreign Affairs gives its regards to the UK Embassy in China and informs it of the discussion by the Sino-British JLG on the issue of the future use and arrangement of Hong Kong military lands including buildings and fixed facilities (hereafter referred to as military lands).

To meet the needs of troops sent by the PRC Government to be stationed in the Hong Kong Special Administrative Region on 1 July 1997 for the purpose of defense, and in consideration of the need for Hong Kong's social and economic development, in accordance with the stipulations of the "Joint Declaration of the Government of the People's Republic of China and the Government of the United Kingdom of Great Britain and Northern Ireland on the Question of Hong Kong" concerning the defense responsibility of the Hong Kong SAR, the Sino-British JLG held discussions on the issue of the future use and arrangements for Hong Kong military lands and reached an agreement on 1994. The Sino-British JLG suggested the governments of the two countries affirm the following issues on which an agreement was reached in the discussions:

1. The United Kingdom Government must gratuitously hand the 14 military sites cited in the Annex I (attached) over to the PRC Government so that they can be used by the troops stationed by the PRC Government in the Hong Kong SAR completely for the purpose of defense as of 1 July 1997. The specific handover arrangements will be further discussed by the two sides. Before the handover, the United Kingdom Government will ensure and seek necessary funding for the proper protection and prompt maintenance of the military lands cited in the Annex I so they will be kept intact and operational. All or part of these military lands can be temporarily used by the Hong Kong British Government in line with the purpose of proper protection and prompt maintenance. Any temporary uses of the lands should be reported by the United Kingdom Government to the PRC Government.

2. In consideration of the needs of Hong Kong's social and economic development, the PRC Government agrees that beginning 1 July 1997, there is no need to use the 25 military sites cited in the Annex II (attached) for the purpose of defense. Prior to that date, if troops stationed in Hong Kong by the United Kingdom Government no longer need the above-mentioned military sites, they should be gratuitously handed to the Hong Kong British Government for disposal. Before 1 July 1997, the allocation of these lands will be handled by the Sino-British Land Commission in accordance with Annex III of the "Joint Declaration of the Government of the People's Republic of China and the Government of the United Kingdom of Great Britain and Northern Ireland on the Question of Hong Kong" and the Chinese side will adopt a positive approach toward this arrangement.

3. Since the military lands cited in the Annex II will be handed to the Hong Kong British Government for disposal before 1 July 1997, the several buildings and fixed facilities on the land which the Chinese troops need to use for the purpose of defense will be affected. To make sure that these buildings and fixed facilities can continue to be used for defense purposes from 1 July 1997, the United Kingdom Government will ensure and seek necessary funding for the gratuitous provision of buildings and fixed assets cited in Articles 1 to 4 of Annex III (attached) in the sites which the two sides decided through consultations. The Hong Kong British Government will carry out the commitments cited in Article 5 of Annex III. The PRC Government will render active cooperation to this arrangement.

4. To ensure the smooth transfer of Hong Kong military lands by both sides, the United Kingdom Government will give to the PRC Government the relevant documents and blueprints of the military lands cited in the Annex I and of the buildings and fixed facilities cited in the Annex III. The specific handover arrangements will be further decided by the two sides through consultation.

On behalf of the PRC Government, the Ministry of Foreign Affairs affirms the above-mentioned agreement and its three annexes. If the above-mentioned agreement and its three annexes are affirmed by the United Kingdom Embassy in China on behalf of the United Kingdom Government, the above-mentioned agreement and its three annexes carried by this note and the Embassy's note in reply will form an agreement between the PRC Government and the United Kingdom Government on the future use and arrangement of Hong Kong military lands and will go into effect from (date) (month) 1994."

On behalf of the United Kingdom Government, the United Kingdom Embassy in China affirms the abovementined agreement and its three annexes. This note in reply and the above-mentioned agreement and its three annexes carried in the note sent to this Embassy by the PRC Ministry of Foreign Affairs will form an agreement between the UK Government and the PRC Government on the issue of the future use and arrangement of Hong Kong military lands and will go into effect from (date) (month) 1994.

On behalf of the United Kingdom Government, the United Kingdom Embassy in China has noticed the statement made by the PRC Government in accordance with the relevant stipulations of the "Basic Law of the Hong Kong Special Administrative Region of the People's Republic of China," which was carried in the second part of the note of the PRC Ministry of Foreign Affairs, and expresses its understanding of the statement on behalf of the United Kingdom Government. With the

highest consideration (sealed) The United Kingdom Embassy in China Beijing, on (date) (month) 1994

Sino-British Agreement on Land Deal Welcomed

OW0107134394 Beijing XINHUA in English 1303 GMT 1 Jul 94

[Text] Hong Kong, July 1 (XINHUA)—People from all walks of life here welcomed the solution of the seven-year long dispute between China and Britain on the future use of military lands in Hong Kong, stating it embodies the pragmatic attitude of both sides. China and Britain reached an agreement on the future use of the existing defense lands in Hong Kong and issued a joint communique at the end of the 29th meeting of the Sino-British Liaison Group, which ended in Hong Kong on the same day when the Hong Kong Legislative Council passed the remaining part of the political reform bill proposed by Governor Chris Patten in October 1992. Settlement of the long-standing dispute under such circumstance, showed China and Britain can cooperate on many aspects despite of the strained relations between the two countries, said Rosanna Wong, member of the Hong Kong Executive Council. Ngai Shiu-kit, vice chairman of the Chinese Manufacturers' Association, said, the fact that China agreed to deliver 25 military sites to the Hong Kong Government for commercial and housing development indicated that the Chinese Government took into consideration the economic growth of Hong Kong, adding, this will benefit the prosperity of Hong Kong. The agreement will have a positive overall impact on business. The immediate impact will be on the stock market, said Ben Kwong, senior analyst of the G.K. Goh Securities. A property developer with Surname called Chai said the 25 military sites are valuable because they are large in area and in prime locations. Land in Hong Kong is now among the most expensive in the world, accounting for nearly 75 percent of development costs, he said. The 25 military sites cover 139 hectares, including 34.7 hectares in city proper. They can be used to build 15,000 flats. The government put revenue generated from the selling of the 25 sites at 65 billion HK dollars (8.3 billion U.S. dollars) at the recent price. As the Chinese People's Liberation Army will remove from some of the present military sites stationed by the British Army, the Hong Kong Government should naturally allocate 4 billion HK dollars (512 million U.S. dollars) as funds to refurbish military installations in reduced military sites, said legislator Tam Yiu-chung.

Governor Views Military Land Development

HK0607094194 Hong Kong EASTERN EXPRESS in English 6 Jul 94 p 2

[By political editor Chip Tsao]

[Text] The Governor, Chris Patten, has come out fighting for the Legislative Council's [Legco] approval of the Sino-British agreement on the redevelopment of military lands.

Speaking yesterday in an exclusive interview with Eastern Express and its sister paper, Oriental Daily News, Patten flatly rejected suggestions that either Britain or China should shoulder the costs of redevelopment, which are estimated to come to $4bn.

"If you are saying the British taxpayer should make a substantial contribution to a deal under which Hong Kong gets at least $60bn net in development gain, is anyone saying part of that gain is going to British taxpayers? Of course they are not," he said.

Patten saw no reason why the Chinese government should shoulder the cost, arguing that the Basic Law commits China to meeting the expense of its garrison in Hong Kong after 1997.

"We're talking about an agreement reached before 1997 when the Basic Law doesn't apply," he said.

The Governor said he did not believe the Chinese government would not honour the Joint Liaison Group agreement which stipulates that military lands can only be used for military, not commercial purposes.

"The Chinese government, as part of this agreement, has made it categorically clear what their position is about defence use.

"They've made that solemn agreement to the people of Hong Kong.

"Why should they have made that commitment if they don't intend to honour it?"

Legislators from Meeting Point and the United Democrats have demanded that the British government shoulder 35 percent of the $4bn redevelopment cost needed for 14 military sites due to be handed back to China as a part of the Sino-British agreement made last Thursday.

Turning to the controversial subject of restructuring the Executive Council [Exco], Patten was cautious in giving any commitment about appointing directly elected legislators.

He said the problem of the role of the Executive Council had been "exaggerated".

"When I announced the separation of Exco and Legco in 1992, I said it was a decision I made for the time being," he said.

"On Sunday I said that obviously we need to keep the matter under review and take account of the views of Exco and Legco when the whole of the Legco was elected.

"So long as I am responsible it will be an executive-led government.

"I believe in steady and sustainable progress, not in big leaps where you don't quite know where they might land.

"I don't think after last week, people in Hong Kong are panting for another big movement in any direction."

Patten said the relationship between the Executive and Legislative councils had worked well "to get business through" although no one was "totally satisfied".

Editorial Praises Agreement on Military Sites

HK0207082294 Hong Kong WEN WEI PO in Chinese 1 Jul 94 p A2

[Editorial: "Sino-British Agreement on Question of Military Sites Reached"]

[Text] Yesterday, the Sino-British Joint Liaison Group reached an agreement on the future of the sites in Hong Kong that are currently used for defense purposes.

Talks on the question of military sites between China and Britain have lasted for seven years, during which 16 experts meetings were held. The significance of the final reaching of an agreement at the 29th meeting of the Joint Liaison Group does not only lie in the results of the protracted and difficult talks on the question of the military sites. It also shows that, given the absence of cooperation on the issue of the political system, the Chinese side is still making an effort to cooperate with the British side in other areas for the sake of Hong Kong's smooth transition and long-term prosperity and that Britain's attitudes and actions do count. Early yesterday morning, the Patten-controlled Legislative Council passed the "three-violations" political reform proposal. This demonstrates that Chris Patten is still stubbornly sticking to the position of causing confusion in Hong Kong and confronting China and that he still wants to poison the atmosphere of cooperation that has been restored by China and Britain with his confrontational acts. Against this, we must, of course, keep a cool head and must never lower our guard.

By sowing confrontation over the political system, the British side has already made a blunder and cannot undo what it has done. If they extend the confrontation to other areas, they will continue to suffer losses in these other areas. This time, the Chinese side agreed to turn over without compensation 25 military sites for disposal by the British Hong Kong Government and, if these sites are approved by the Land Commission for general use, they are expected to bring in an income of over HK$65 million [Hong Kong dollars], calculated in April 1994 prices. The facts show that Sino-British cooperation is not merely beneficial to China and Hong Kong; it benefits the British side as well. This is true for the military sites, the new airport, Container Terminal Nine, the sewage disposal project, and other issues. The British should know that only by following the correct path specified in the Joint Declaration—that China and British cooperate and jointly negotiate and deliberate measures to be adopted for Hong Kong's smooth transition—can they conform to the interests of the three parties. If the British turn their back on the correct path, they will only end up harming others while not benefiting themselves.

The Sino-British agreement reached on the question of military sites reflects the need for China to send troops to Hong Kong after 1997 to take charge of Hong Kong's defense. As early as the Sino-British talks over the future of Hong Kong, the British side repeatedly asked the Chinese side to promise not to station troops in Hong Kong in an attempt to limit China from exercising sovereignty over Hong Kong. But the request was naturally rejected by the Chinese side. China's stationing troops in Hong Kong after 1997 is a token of the resumption of the exercise of sovereignty. Moreover, in order for China to station troops in Hong Kong after 1997, the British side must return the military sites, including the buildings and fixed equipment. This is an important part of the promise made by the British side in the Joint Declaration that they "will return Hong Kong to the PRC." After signing the Joint Declaration, the British side did not completely abandon the attempt to oppose China's plan to station troops in Hong Kong by setting various limitations on the Chinese side in the course of the talks on the question of military sites. This obviously was unreasonable because the primary principle for the disposal of the military sites is: As the Chinese central government will take charge of Hong Kong's defense after 1997, in the disposal of military sites, full consideration should be given to guaranteeing the defense requirement of stationing Chinese troops.

While guaranteeing the defense requirement of stationing Chinese troops, the agreement reached between China and Britain also takes into account the needs of Hong Kong's social and economic development. In order to reflect this principle, the Chinese side agreed to hand over without compensation 25 military sites for disposal by the British Hong Kong Government. The sites have a total area of nearly 140 hectares, most of which have excellent potential for development. An estimated 15,000 residential units and large numbers of resting places and social community facilities can be built there. They will play a huge role in alleviating Hong Kong's housing shortages and improving the Hong Kong people's living environment. The fact that the Chinese side considered the needs of Hong Kong's social and economic development as one of the important principles for the settlement of the question of military sites fully demonstrates the Chinese side's position of safeguarding the interests of Hong Kong people.

Furthermore, the Chinese side unilaterally declared two points: First, the central government is responsible for Hong Kong's defense and, in addition to observing national laws, the troops must also observe the laws and relevant regulations of the Hong Kong Special Administrative Region. Second, the military sites to turned over to the Chinese side will all be used for defense purposes, and, if any site is no longer used for defense purposes, it will be handed over without compensation to the SAR government for its disposal. These two points are

entirely within the scope of Chinese sovereignty and represent a solemn promise made by the Chinese central government to the Hong Kong people.

The Sino-British agreement reached on the question of military sites helps promote the various jobs of the Joint Liaison Group. The Hong Kong people hope that the British side will produce good faith and concrete actions so that the issues related to a smooth transition in the next three years can be successfully resolved.

PWC Member Questions British Commitment to Territory

HK0307072794 Hong Kong SOUTH CHINA SUNDAY MORNING POST in English 3 Jul 94 p 17

[Article from the "Agenda" page by David Chu Yu-lin, Hong Kong affairs adviser to Beijing and member of the Preliminary Working Committee (PWC): "Time For Us To Fend For Ourselves"]

[Text] Recent diplomatic overtures from Beijing, London and Hong Kong suggest China and Britain have agreed to disagree on "political reforms" and to co-operate in other areas.

Such good news is, however, tempered by a colonial government that maintains legislators chosen under unilaterally-formulated electoral rules can serve beyond 1997. Such ill-founded confidence is meant either to delude or mislead the people of Hong Kong.

The truth is, without political convergence, the Legislative Council formed in 1995 will be short-lived. China has expressed the hope that, even without political co-operation, there can be a working arrangement elsewhere. I personally doubt such optimism, though I hope I am wrong for the sake of Hong Kong.

Over the next three years Hong Kong has to look after its own interests. Whatever the British may say, they cannot paper over the fact that they will soon quit this territory. However often they pledge "moral responsibility" for Hong Kong, their interests here are not the same as ours.

When British and Hong Kong interests come into conflict, those of the United Kingdom inevitably prevail. History is full of examples of this unequal relationship between Britain and the territory. The Falklands fund, the demand for Hong Kong contributions to the Gulf War and the Nationality Act spring to mind.

China's commitment to Hong Kong is open-ended. The interests of China are aligned to those of the future Special Administrative Region. For the time being, though, Britain continues to run Hong Kong, and there is little China can do to counter actions which are contrary to the interests of people. The responsibility, therefore, is on us to fend for ourselves.

In the political area, all the British efforts are focused on one thing, to weaken the executive-led principle. This, of course, deviates from the Joint Declaration and contradicts the successful formula of an effective and in-control administration.

The breakdown of an executive government also undermines "the one country, two systems" concept which envisages an orderly transition and stability.

There is no denying that the authority of the executive officials here is being steadily eroded. The moves to dismantle, bit by bit, the political structure include the opening up of classified bureaucratic information under the guise of "a transparent administration", the privatisation of government departments and the debate about founding a "human rights commission".

Other examples are the empowering of the Hospital Authority and the giving of virtual free rein to the Provisional Airport Authority that is to become the Airport Corporation.

Each change in itself may be justified in some way, but their total effect could be serious and unpredictable. To put Hong Kong people through so much trauma with so little time left to prepare for 1997 is like submitting a patient to five forms of radical and unnecessary surgery at once.

The need to adjust to a government that is neither executive nor legislature-led, will gravely affect our civil service. Civil servants have always worked better when they know exactly to whom they are answerable. Without clear guidance, the bureaucracy could become even more aimless and demoralised.

A government has to be either executive or legislature directed, it cannot be half of this and half of that and messy as a whole.

In the economic area too, we have to be vigilant. Clear-sighted individuals in Hong Kong believe the British Government is intent on spending not just what is in the reserves but money raised in the form of debt to be repaid by the Special Administrative Region.

Some of the largesse is already being used to buy the loyalty of the people. Another chunk is destined to go into the British economy directly through infrastructure project contracts, capital goods and expertise.

Had China not resisted the call for larger debts beyond what is prescribed in the Airport Memorandum of Understanding, the British would have incurred even greater loans under the pretext of completing the airport on time.

No issue today is as emotive as land. The British colonial administration has been whipping up public opinion on this issue. With inflamed public feelings as its excuse, the British side of the Land Commission will approach its Chinese counterpart to seek approval for the release of more than the present quota of land for private development.

The auctioning of the extra land generates an instant windfall, half of which goes to the present Government, whether or not the result serves the stated objective.

If the Government was serious about bringing affordable housing to the people, it could build more public estates and broaden the Home Ownership Scheme to help the middle class. Land allocations for this purpose are not subject to the 50-hectare quota limit.

At present, the Home Ownership Scheme is designed to entice well-to-do public-estate tenants out of their rented flats. Only a few who reside in private dwellings now qualify.

The Government can also pre-sell Home Ownership Scheme flats now which will immediately take a lot of flat buyers in the low and middle range out of the market and lower demand. This is the root of the housing problem in Hong Kong.

My hunch is that the Government is not eager to change the criteria for public housing and the Home Ownership scheme because neither can boost the Treasury through stamp duties and fill up its half of the Land Fund through real estate auctions.

A larger Home Ownership Scheme and public housing could cost the Government by taking up money that could be used to buy British goods and the hearts and minds of Hong Kong people.

We have to realise there is a fundamental conflict of interest in the relationship between Britain and Hong Kong and even with the best intentions, some of this British colonial Government's actions are not in our interests.

We should wake up and fight for our own interests rather than fight some imaginary enemy conjured up by those whose interests are in conflict with ours!

Editorial Assesses Future of Political Reform

HK0207080594 Hong Kong EASTERN EXPRESS in English 2 Jul 94 p 18

[Editorial: "The Pattern of Things To Come"]

[Text] The week began on an ominous note. The skull of a man was dragged out of the water at Clear Water Bay on Sunday [26 June], as a large group of horrified onlookers stood by. Those who believe in omens might have taken this to be an omen of terrible things to come. However, in a gruesome sort of way, things were coming together.

The week before, a district board member, of all people, had come across a couple of legs while swimming in this stretch of water. Subsequently a jawbone, ribs, vertebrae and part of a torso with stab wounds, were found. The discovery of the head completed the picture.

The agonising progress of the Patten constitutional reform proposals, and the battering they received, closely resemble a public mugging which looked as if it would reach a terminal conclusion.

The Cassandras were convinced that the proposals would be defeated in the Legislative Council [Legco] and, if they were not, the wrath of China would be so terrible that a period of deeply troubling uncertainty would ensue.

They were wrong. The Patten proposals trundled through the council, eventually winning by a respectable majority, albeit having almost faltered at one stage in the proceedings.

This was followed by the first substantive agreement in the Joint Liaison Group for four years. Actually, there was one other substantive agreement, on the court of final appeal, but this has yet to be endorsed by Legco. Thursday's defence lands agreement looks a lot more solid.

So, what does all this mean? Has the Governor, Chris Patten been vindicated in his belief that it was possible to make progress on democracy without losing all hope of Chinese co-operation on other issues?

Clearly, the Percy Cradocks of this world, alongside a whole host of other so-called China specialists, were wrong. They were wrong because they expected China to act wholly irrationally. They thought that the Chinese government would be prepared to sacrifice its self-interests in Hong Kong in order to teach the Governor a lesson.

Yet those who feel Patten to be misguided about his perseverance with political reform proposals may still be vindicated in their belief that the reforms will only be of temporary duration. China has said that it will scrap all these measures after 1997. Assuming there are no significant political changes in the Chinese government in the next three years, it is more than likely that Beijing will do exactly what it has said it would do. Thus the three-tier structure of elected bodies will be scrapped.

The question no one has seriously addressed is, what would be put in their place?

The proposals advanced by the Liberal Party, which came within a whisker of acceptance by Legco, are, astonishingly, even less democratic than the plan China was prepared to approve during the abortive negotiations with the British.

It is quite possible that China will go back to its negotiating position in order to draw up a blueprint for new elections. It may also adopt the more conservative Liberal model.

On the other hand, China might be tempted to destroy the form of the Patten constitutional edifice while maintaining a substantial part of the substance. Is this too

far-fetched? It should not be for those who have been studying recent political developments in China.

Underpinning the so-called "open door" policies in China is the difference between form and reality. On paper, China remains a highly centralised state practising socialism. In reality the provinces have considerable autonomy, so much autonomy that they are able to determine how much money flows into the coffers of central government. Socialism remains the official ideology, but naked capitalism of an unfettered kind is very much the order of the day.

Those aspects of reality which are working well are then incorporated into the official ideology of the Communist Party. The party is thus able to claim credit for initiatives which it had no part in making.

Thus it is not inconceivable that-Hong Kong will be able to maintain a modest degree of representative government, the Patten plan being modest in the extreme, even if the officia' thinking does not have this in mind at the moment.

The Chinese government has a shrewd appreciation of what works and what does not, it will also clearly perceive the relative impotence of the new system which has been dressed up as some kind of full blown democracy.

We would have liked to report that the week ended on a high note with the administration maintaining its commitment to the establishment of what Patten calls "fair and open" government. Lamentably this was not the case, as yesterday the government confirmed that it was having no truck with the idea of establishing a statutory human rights commission. Such a body is no panacea for securing of human rights, but it would have had a vital role to play.

XINHUA Official Comments on Human Rights Commission

HK0407045094 Hong Kong TA KUNG PAO in Chinese 3 Jul 94 p 5

[Unattributed report: "Zhu Yucheng Says Hong Kong Human Rights Are Protected by Basic Law, Vigilance Should Be Heightened Against People Making Use of the Issue"]

[Text] Zhu Yucheng, deputy director of the Hong Kong XINHUA Branch, stressed that the Hong Kong compatriots should heighten vigilance against people making use of the human rights issue to create obstacles to Hong Kong's smooth transition. He stated: In accordance with the Sino-British agreement on the future of Hong Kong's military sites, the Hong Kong Government will appropriate some 4 billion Hong Kong dollars to build military installations to be used by People's Liberation Army [PLA] troops stationed in Hong Kong in the future, stressing: The agreement is not in violation of the Basic Law and the Chinese Government has not made any money out of it.

When asked to comment on the British Government's decision on not establishing a human rights commission in Hong Kong before attending an inaugural ceremony of the second board of directors of Kowloon East Association of People of All Walks of Life yesterday, Zhu Yucheng noted: The Basic Law provides sufficient protection for the human rights of the Hong Kong citizens in future. The Chinese Government has also made clear its position, viewpoints, and attitude on the issue.

Zhu repeatedly stressed: The Chinese side hopes that the Hong Kong compatriots will heighten vigilance against people making use of the human rights issue to stir up contradictions and confrontations among citizens of Hong Kong and create obstacles to Hong Kong's smooth transition.

When asked whether or not the British Government's decision on not establishing a human rights commission in Hong Kong should be viewed as a concession to China, Zhu replied: This is a decision made by the British side, a decision beyond the control of the Chinese Government. The Chinese side has already made its views on the issue clear to all: The Basic Law provides sufficient protection for human rights in Hong Kong.

Zhu Yucheng also touched the issue of future military sites, saying: In accordance with the latest agreement reached between China and Britain, the future special administrative region will not have to bear any of the costs of the future military installations.

On the Hong Kong Government appropriating some 4 billion dollars to build military installations to be used by the PLA troops stationed in Hong Kong in the future, Zhu offered this explanation: "Now that you (Britain) are moving the dock away, which is part of the future military installations, a new one should therefore be built for the future military use. This has in no way violated the Basic Law."

When a reporter pointed out that it is from the Hong Kong coffers that the 4 billion dollars will be taken, Zhu replied: "The military sites sales will generate more than 60 billion dollars and only some 4 billion will be spent (for building future military installations). This is a clear fact showing: China has not made any money out of the process. Rather, China has shown concern for Hong Kong's economic development and interests."

Guangdong Achieves Marked Results in High-Tech Fair

HK0407112094 Beijing XINHUA Domestic Service in Chinese 1557 GMT 3 Jul 94

[By reporter Zhuang Jianmin (8369 1696 3046): "Guangdong Holds High-Tech and Trade Fair in Hong Kong, Achieves Marked Results"]

[Text] Hong Kong, 3 Jul (XINHUA)—From 28 June to 2 July, the "1994 Guangdong High Technology Economic and Trade Fair" was held in Hong Kong. Several thousand companies from more than 20 countries—such as the United States, Canada, Germany, Britain, and Italy, and from the regions of Hong Kong, Macao, and Taiwan—participated in the fair, and more than 1,000 contracts and agreements were signed, involving more than $12 billion.

The trade fair this time illustrated several new features that had not been seen before:

First, among the signed agreements, contracts, and letters of intent, 70 percent were contracts.

Second, a large proportion of investment went to high technology, energy, transportation, raw materials, and infrastructure projects. There were 54 water conservancy projects involving a total investment of more than $100 million.

Third, the scale of investment increased. There were 264 projects involving $10 million each, accounting for 65.4 percent of the total amount of investment. There were 14 projects with investment exceeding $100 million each, and their total investment amounted to $2.5 billion, accounting for 20.8 percent of the total amount of investment.

Fourth, the ways through which deals were sealed were varied. Apart from such styles as sole proprietorship, joint venture, cooperation, processing of materials provided by foreign clients, and compensation trade, the trade fair also adopted such styles as the transfer of enterprise shares and the BOT style (build-operate-transfer), which is quite a popular style in the international community.

Xu Dezhi, director of Guangdong Foreign Economic and Trade Commission, said when attending the trade fair that it was successful, the results were marked, and this certainly would further promote the development of the export-oriented economy in Guangdong.

Article Views Aspirations of Hong Kong Residents

HK0407112294 Hong Kong ZHONGGUO TONGXUN SHE in Chinese 1115 GMT 20 Jun 94

["Special article" by reporter Gan Cheng (3927 2110): "Three Years of Transition Remain and Hong Kong People Have Their Wishes"]

[Text] Hong Kong, 30 Jun (ZHONGGUO TONGXUN SHE)—There are less than 1,100 days left after today until sovereignty over Hong Kong is returned to China. People eagerly hope that in the remaining days during the latter transition period, Hong Kong will continue to enjoy prosperity and stability free of any troubles. On 1 July 1997, a solemn announcement will be made to the world about the founding of the Hong Kong Special Administrative Region; thus turning over a new page in history with the characteristics of "one country, two systems" and "Hong Kong people ruling Hong Kong."

Hong Kong is a treasure island. With the Chinese mainland behind it and ties with all parts of the world it has enjoyed lasting prosperity in economic development. Today, Hong Kong is a world-famous international banking, trade, and shipping center. According to economic analyses, Hong Kong ranks fifth in its position in the world as a global banking center, next only to New York, London, Tokyo, and Frankfurt. Hong Kong's foreign trade has steadily ranked 10th in the world trade volume over the past two years. For many years, Hong Kong's shipping industry has topped the world in the volume of inward-outward cargo tally.

Such pleasing economic accomplishments are not endowed by heaven but are the fruits of diligent hard work by Hong Kong residents who are Chinese in the main. Hong Kong residents hope for continuous stability and prosperity in Hong Kong till after and well beyond 1997.

However, over the past two years or so, the storms that have swept over Hong Kong's political arena have worried Hong Kong residents somewhat. Because Britain changed its policy toward China based on its erroneous judgment of the situation, it appointed the politician Chris Patten to be Hong Kong Governor and he has confronted the Chinese side. For several months after he took office, he failed to consult with the Chinese side, while unilaterally dished up a constitutional reform package straddling 1997 and taking a series of actions—gazetting the reform package, suspending Sino-British talks on Hong Kong's 1994 and 1995 electoral arrangements, tabling the reform package in the Legistative Council [Legco]—thus thoroughly jeopardizing the Sino-British cooperative mechanism for the transition of Hong Kong's political structure in 1997; consequently, the "through train" of the political structure" will fail to get through. When the two sides have to go separate ways, the British side is taking the difficult path alone.

Through Chris Patten's lobbying Legco members, with members of the United Democrats of Hong Kong chiming in, the Legco finally adopted Chris Patten's constitutional reform package, only after a heated marathon debate lasting 10 hours and more. Because the foundation for Sino-British cooperation in the transition of Hong Kong's political structure has already been jeopardized, any constitutional reform package the Hong Kong Legco adopts is of no consequence. The Chinese side has reiterated that the package was unilaterally formulated by the British side, thus the term of office for the last session of the three-tier council will terminate on 30 June 1997 and the relevant council after 1 July must be reorganized.

Hong Kong residents have long understood, identified with, and supported the Chinese side's position, and they have a good idea of how things stand regarding the fact that the Chinese and British side will no longer be able to

cooperate in the transition of Hong Kong's political structure. However, Hong Kong residents have always hoped that the Chinese and British sides could cooperate in other arenas in Hong Kong. Because there are only three years left before 1997, with voluminous work to be done regarding Hong Kong's transition, problems are many and time is pressing. The Chinese side has reiterated that, proceeding from Hong Kong's interest, it is willing to consult and cooperate with the British side in areas other than Hong Kong's political structure. However, cooperation involves two sides; whether or not the cooperation will be successful depends on what extent of sincerity the British side shows. All signs demonstrate that hopefully, solutions will be found to the new airport financial arrangements and land for military use. The British Foreign Office Minister, Alastair Goodlad, will visit China soon. Hong Kong residents hope that the Chinese and British sides will cooperate in areas other than Hong Kong's political structure to create better conditions for Hong Kong's stable transition as best they can.

However, people have noticed some new actions ny the British Hong Kong Government; for example, the adoption of "Regulations on 'Exemption' of Land in the New Territories," the decision on "Rules for Freedom of Access to Information," being ready to revise "Rules and Regulations on Public Security," and fomenting the establishment of a human rights committee. All this shows that some people are attempting to prepare a whole set of laws, rules, and regulations as an umbrella for prolonging British influence after 1997 to continue their confrontation through the formulation and revision of the legal system. This will increase the hidden danger for Hong Kong's stable transition. If they should genuinely take Hong Kong's interests into consideration, they had better stop taking such actions.

Education Director Amends Statement on History Textbooks

HK0507070694 Hong Kong SOUTH CHINA MORNING POST in English 5 Jul 94 pp 1, 2

[By Stella Lee]

[Text] Director of Education Dominic Wong Shing-wah last night backed down from removing references to the Beijing June 4 massacre and other recent historical events from Hong Kong textbooks. But it is still unclear how the event will be presented to students. Mr Wong insisted last night that an account of any incident that occurs within the past 20 years and lacks an established assessment should be handled with care.

But last week, Mr Wong said such events should not be covered in history textbooks and the Education Department advised Manhattan Press to delete an 80 word passage from a new Form Three Chinese textbook. Two other Chinese history books by Lingkee Publishing mentioned the June 4, 1989, military crackdown in the form of a footnote explaining that Zhao Ziyang was replaced by Jiang Zemin as Communist Party General Secretary after the "clearing of Tiananmen Square". The Manhattan Press book will be used by 81 schools in September, while more than 50 and 40 schools respectively will use Lingkee's Form Three and Form Five textbooks. The Form Five book has been published and sold.

In his statement yesterday, Mr Wong said: "The Education Department has not, repeat not, issued any administrative directive regarding the time-frame within which history should not be taught. In other words, historical events in recent years can still be printed in history textbooks." He said the Government had no power to censor school textbooks or delete any part of them as "publishers can publish whatever they want" within the remits of the law.

He said the department only compiled a "list of recommended textbooks" and for the purpose of putting their publications on this list, publishers might submit the draft of textbooks for review by the department. Mr Wong said schools were free to use books either on the List of Recommended Textbooks or outside it.

Mr Wong said he had asked the Curriculum Development Council to review the history syllabus. The present Chinese history syllabus for Form Four to Form Seven specifies that only events up to 1976 should be taught.

Legislators Cheung Man-kwong and Tik Chi-yuen, who met Mr Wong yesterday, welcomed his decision to permit the Beijing pro-democracy movement and its suppression to be included. But they said the damage had been done and were worried publishers would exercise more self-censorship in the future. Manhattan Press admitted this was a possible outcome from the difficulties encountered this week.

Mr Cheung said Mr Wong had obviously changed his position and "he should admit that he has done wrong". But Mr Wong rejected the idea that he had changed his attitude following extensive criticism over interfering in academic freedom. Nor did he admit he had been wrong. "May be something said last week was not expressed clearly and the public did not understand clearly. That's why I have to clarify it today," Mr Wong said.

He indicated there had been no pressure from Governor Chris Patten on the issue, even though Mr Patten had said last Friday [1 July] that the 20-year limit should be reviewed, as it was not possible simply to erase history just because it was not liked. Government House spokesman Mike Hanson said last night Mr Patten had not approached the director about the problem and that "we have nothing to add to Mr Dominic Wong's statement".

Mr Wong emphasised that the department had not asked Manhattan Press in a specially arranged meeting last Tuesday to delete the passage on June 4. "In the two paragraphs in question, the Education Department has only offered comments on some of the wording which

may carry implications of value judgment of events. The June 4 incident can still be included in textbooks," Mr Wong said.

Chu Sau-kuen, the acting Chief Executive of the Curriculum Development Institute (CDI), which examined textbooks, said the Manhattan textbook's attribution of the cause of the protest at Tiananmen Square to the corrupt behaviour of mainland government officials might have carried implications of value judgment, but there was no proof that this was true. Mr Chu added the use of the wording "people from all walks of life" joined the protest with the students could also be misleading as "it is not known if all the people in the mainland are disgruntled about the corruption problems".

But Manhattan Press confirmed last night the department did suggest deleting the passage on June 4. Manhattan Press executive director Jeffrey Shum Hing-wa said he did not know if he would keep the passage, as the department had pointed out problems. He said he would consult the three authors of the book, one being Hong Kong University lecturer Dr Leung Yat-ming, who will head the CDI in September. The authors could decide if the wording could be changed while keeping the account of the incident complete. "We may have to remove the passage if we cannot do that," Mr Shum said.

Mr Shum called on the department to improve its textbooks examination procedure. "The textbook was approved in March. It was not until last Monday when there was a press report on the June 4 account that we were called to a special meeting in which the advice was given to us. "It is difficult for a publisher to say no to the advice, as it is abnormal for the department to call a special meeting to raise problems of a textbook after it has recommended it."

Both Manhattan Press and Lingkee emphasised that textbook publishers played a "passive role" and "have to follow the department's advice".

UK, PRC Move Toward Agreement on Container Terminal

HK0607084594 Hong Kong SOUTH CHINA MORNING POST in English 6 Jul 94 p 1

[By Chris Yeung]

[Text] Britain and China are moving firmly towards an agreement on the Container Terminal No 9 [CT9] project amid the new era of co-operation on transitional matters.

The vast port project has been delayed by China's concern over the method for granting development rights and the failure by the Government to settle on the amount that consortiums should pay for the land.

The British negotiating team in the Joint Liaison Group (JLG) told Chinese officials during last week's meeting that the Government and consortiums had agreed on the land premium.

It is understood the premium would be $4 billion. The total cost of the development of the much-needed container berths has been estimated at $10 billion.

Development rights were granted to the Tsing Yi Container Terminal, led by Jardine Matheson Group, by private treaty instead of public tendering.

Responding to allegations that it had shown favouritism, the Government said the granting of a private treaty had been intended to increase competition by enlarging the number of operators. It was not unprecedented.

"The British team urged China to approve the project at an early date so that construction work can begin. Ambassador Guo Fengmin (the Chinese team leader) said they would consider it," a source said.

"There's no indication that the granting of development rights for the project under private treaty will be a stumbling block," an informed source said.

Although the Chinese team had numerous queries over details of the project, including the granting of the franchise, there had been no overall opposition to it.

"It would be a great pity if the whole project has been victimised because of the participation of Jardine Matheson Group," the source said, referring to the frequent attacks aimed at the hong by Chinese officials over their troubled relationship dating back to early colonial days.

"It would give a strong message that politics and economics have been mixed up. This would be totally unacceptable," the source said.

Another informed source said the participation of the British leading firm had not been raised at the JLG talks.

"It now appears that the CT9 dispute was really about technical issues. We hope that there will be some progress in the next few months."

British officials said that before the granting of the private treaty, the industry had been monopolised by two major operators—Hong Kong International Terminal and Modern Terminals Ltd.

"We don't want to favour any company. We just want to maintain our competitive power," a government source said.

The British team was cautiously optimistic that the just-concluded JLG session marked a turning point in co-operation on transitional matters.

"It's true to say that the session manifested a clear commitment of co-operation. For instance, the passing

of the electoral reform was never mentioned at the JLG meeting the following day," a source said.

"It's clear that the atmosphere was more pragmatic. But the British side will still like to see what's coming up in the next few months on the outstanding issues."

'Few More Weeks' Needed for Agreement on Airport Finance

HK0707070494 Hong Kong SOUTH CHINA MORNING POST in English 7 Jul 94 p 2

[By Linda Choy in Beijing]

[Text] In contrast to earlier optimism on the airport talks, a senior Chinese official revealed yesterday that a few more weeks would be needed for China and Britain to reach a deal on the financing package.

Guo Fengmin, the Chinese team leader of the Joint Liaison Group and its airport committee, would not say what was blocking an agreement.

But his comments were a departure from the positive forecasts made by officials from the Chinese and British governments.

The Director of the Hong Kong and Macao Affairs Office, Lu Ping, said earlier that he believed a deal could be reached by the end of last month.

The same optimism was shared by Governor Chris Patten and his top aides, who have said the two Governments were close to a final deal.

Mr Guo said in Beijing yesterday that problems had arisen during the process of drafting an agreement. He would not go into details.

"I hope we can reach an agreement soon, say, in the next few weeks," said Mr Guo, who arrived in Beijing yesterday to attend a three-day plenary session of the Preliminary Working Committee (PWC).

A deputy director of the Hong Kong and Macao Affairs Office, Chen Ziying, said that it was important for Britain to build the airport cost-effectively.

He would not say whether the $23 billion debt level, proposed by Britain in its fourth financing package, was acceptable.

It is understood that experts from both sides were still discussing the wording of the final accord.

The plenum will endorse preliminary work reports compiled by the body's five sub-groups during group discussions in the past few months and discuss work plans for the future.

It is understood one report proposes the formation of a temporary legislature if the first Special Administrative Region (SAR) law-making body is to be set up after the changeover.

It proposes that the SAR legislative be formed either before or after July 1 1997 or during the first half of 1998.

It says the selection of the first SAR chief executive should be done by consultation in early 1997.

Article on 'China Factor' Effect on Economy

HK0707093194 Beijing SHIJIE ZHISHI in Chinese No 12, 16 Jun 94 pp 26-27

[Article by Wang Jiangsheng (3769 3068 3932): "Weakening British Influence and Growing Chinese Effect"]

[Text] **Those who are short-sighted lose their opportunities for development while the role played by the "China factor" in giving impetus to Hong Kong has grown.**

The mass-circulation U.S. magazine, NEWSWEEK, published an article entitled "The Richest City in China" in July 1993, which stated that Hong Kong had become an important part of the Chinese economy and, in turn, that mainland China had become an important part of the Hong Kong economy. "In present-day Hong Kong, British influence is weakening while the Chinese effect is becoming more and more evident."

This is a conclusion reached as a result of observation and analysis of the current performance of the Hong Kong economy. If we conduct some observations and analysis on the historical progress since World War II, we can draw a similar view: Hong Kong's economy has been gradually shifting from mainly depending upon the West, especially the UK, to depending upon the East, especially mainland China.

"Depending" means Hong Kong's actual economic situation, including its trade partners, source of investment, economic relations, etc, which are subject to changes in the objective situation regardless of the will of the people. No doubt the shift is not yet complete, but it has been continuing at a remarkable speed in the past few years. Hence the above-mentioned remarks by NEWSWEEK.

Jardine Group Flees at Sight of Oncoming Force

The latest evidence of the "weakening British influence" is naturally the Jardine Group's announcement in March 1994 that, from the end of this year, it will no longer conduct transactions on the Hong Kong stock market [sentence as published].

The Jardine Group grew out of Jardine Matheson Co., set up in Guangzhou in 1832, one of the earliest and most powerful British firms. Following the British occupation of Hong Kong in 1841, Jardine Matheson Co. moved from Guangzhou to Hong Kong. It made a huge fortune by dumping opium in China (it is said that the Jardine logo depicts a poppy flower [the emblem includes a thistle, a symbol of Scotland]). From this, we can clearly see Jardine's means of capital accumulation

then. Due to its financial power, Jardine has a representative in the Hong Kong government's Executive Council [as published], and holds an important post in the Royal Hong Kong Jockey Club. Based on these favorable conditions, it has evolved into an influential group with a diversified range of businesses in the Asia-Pacific region. Its Jardine Matheson Holdings Ltd. and Jardine Strategic Holdings Ltd. are engaged in finance and investment, Hongkong Land Holdings Ltd. deals in real estate (this real estate firm owns more than ten buildings in Central, Hong Kong's most prosperous downtown area), Mandarin Oriental International Ltd. operates hotels (the Mandarin Hotel is one of the most famous in the world), and its Dairy Farm International Holdings Ltd. operates food businesses. Jardine businesses cover trade, retail, transportation, services, real estate, hotels, engineering and construction, etc. It accounts for 7 percent of the total market capitalization of the Hong Kong stock market. Of the consortiums controlled by British capital, Jardine Group ranks second only to HSBC [Hong Kong and Shanghai Banking Corporation].

However, Jardine is a massive British consortium characterized by having the least confidence in Hong Kong's future. As early as the 1960's and 1970's, it took a pessimistic attitude towards the future of mainland China and Hong Kong, and hurriedly withdrew funds for overseas development. Consequently, it missed a golden chance for development in Hong Kong during the 1980's. Grasping that opportunity, Hong Kong's local Chinese capital bought an enormous quantity of real estate, which brought some Chinese tycoons to the forefront of the world's rankings. Instead of drawing lessons from that setback, Jardine acted stubbornly. Following the signing of the Sino-British Joint Declaration on the question of Hong Kong, business circles in Hong Kong felt assured of Hong Kong's bright prospects and were full of confidence in seeking further development. At this critical juncture, in March 1984, Jardine suddenly announced its decision to shift its domicile from Hong Kong to the remote island of Bermuda (which lies in the western North Atlantic). Bermuda somewhat resembles Hong Kong. It is a tourist resort on the Atlantic and is a financial center. The tax rates there are allegedly very low and administrative controls are loose. As a result, enterprises from many countries choose to register there.

Jardines "domicile removal" a decade ago gave rise to considerable shock in Hong Kong and pulled down the stock market by 6 percent. People were alarmed. The second largest British firm was no longer a Hong Kong enterprise, though it still engages in business here. At that time, Jardine's top boss said that it was merely a commercial action which had nothing to do with politics or with the future of Hong Kong. Now that it has taken further action by stopping transactions on the Hong Kong stock market, how does it account for this?

Whatever excuse it finds, this maneuver by Jardine's can only be interpreted as slinking off after making a big buck. Some Hong Kong newspapers censured its move as extremely irresponsible. Even a paper which used to sing the praises of the British Empire and the Hong Kong Government criticised Jardine's "heroic" behaviour as unworthy.

The current situation is radically different from a decade ago. When Jardine announced its withdrawal, the Hang Seng Index responded by rising instead of the expected fall. The people of Hong Kong remained unruffled. A number of consortiums backed by Chinese, American and Japanese investment are even ready to fill the vacuum left by Jardine's departure. It is believed by some sources conversant with Hong Kong's economy that, if a company with Hong Kong as its main origin of profit fades away because it has lost confidence in Hong Kong's future, it will most probably incur economic losses on itself.

Three days after Jardine's announcement of its withdrawal, Chinachem Holdings Ltd., a Hong Kong Chinese firm, held a press conference to announce its decision to invest HK$10 billion to construct a 108-story building in Hong Kong with its own capital. This building, 468 m tall, will be the world's tallest, 53 m taller than Chicago's Sears Tower, the tallest skyscraper at present. Its completion is planned for 1998. Wong Kung Yue-Sum, chairman of Chinachem Holdings Ltd., said: While Jardine has announced its decision to withdraw its position as a listed company in Hong Kong, Chinachem has released the news that in four years Hong Kong will boast the world's tallest skyscraper. This is highly persuasive evidence that the people of Hong Kong love Hong Kong and are full of confidence about the future of Hong Kong.

"Some officials resign from officialdom and return to their home town; some scholars travel day and night to take the imperial examination." The withdrawal of Jardines does not indicate that all British firms will move out of Hong Kong. For example, the Swire Group, a 120-year-old veteran British firm, is presently increasing its investment in Hong Kong, Taiwan, and mainland China. Together with mainland China's CITIC [China International Trust and Investment Corporation], it holds stock in two Hong Kong airlines, Dragonair and Cathay Pacific. Based in Hong Kong, Swire is now building a diversified network of business operations in mainland China covering aviation, shipping, industry, trade and tourism. Those who used to hold Jardine shares are now readily buying Swire shares.

British firms will not be able to enjoy the various privileges they enjoy at present. However, so long as they give up their outmoded colonialist superiority complex and are ready to compete with their rivals on equal footing, they will be able to make big fortunes on this treasure island, Hong Kong.

Mainland Companies Entering Stock Market

The positive influence exerted by mainland China on Hong Kong is known as the "China factor" in Hong

Kong business circles. The China factor is the fundamental cause underlying Hong Kong's steady economic growth despite the prevalent recession in the West in recent years. On this fact, the world cannot provide many skeptics.

In this respect, a "newly emerging thing", so to speak, is that mainland Chinese enterprises are beginning to enter the stock market. Stocks issued by mainland firms or firms closely affiliated with the mainland are known as "red chips," a term parroting the most welcome "blue chips" (originating from blue chips in playing cards). The recently issued red chips include the following groups:

—Stocks of state-owned enterprises: Beginning from July 1993, mainland-based state-owned enterprises continuously listed on the Hong Kong Stock Exchange. The first batch included Tsingtao Brewery and Shanghai Petrochemical; in August, Guangzhou Shipyard International and Beijing Renmin Printing Machinery (a printing press maker under the Beiren Group of Beijing); in November, Maanshan Steel Works; and in December, Kunming Machine Tools. Those expected to be listed in 1994 also include Yizheng Chemical Fiber Company of Jiangsu, the Bohai Chemical Group of Tianjin, and Dongfang Electrical Machinery Plant, a total of nine in all. The second batch for listing is expected to exceed 10.

—Stocks of solid Chinese-funded enterprises: These refer to the stocks of Chinese-funded firms with Hong Kong as their base, including China International Travel Services Hong Kong Ltd.; China Resources Enterprise Ltd., under the China Resources Group; Hai Hong Holdings Co. Ltd and Union Bank of Hong Kong Ltd, under China Merchants; CITIC Pacific Ltd and Ka Wah Bank Ltd under CITIC; and China Overseas Land and Investment Ltd under China National Construction & Engineering Corp. etc. Most of them have massive assets and enormous business in Hong Kong, and their market value is high, with CITIC Pacific Ltd the highest at HK$46.13 billion. These are mostly enterprises with a diversified range of businesses, different from newly listed mainland state-owned enterprises which are exclusively heavy industries.

—Red chip shells: This refers to the phenomenon where a mainland Chinese enterprise purchases the shares of a minor HK company and then changes the company's name for listing purposes. This is aimed at avoiding complicated procedures for directly listing a mainland company. This case is somewhat like a parasitic animal with another animal's shell as its home. In the beginning, Chinese firms which bought such stocks were mostly powerful and had a solid track record, and they would naturally arouse the interest of intermediate and small investors, who would follow suit. In 1993, a speculatory drive occurred centering on the red chip shells. Major shells included Shougang Concord International Ltd, under Beijing's Capital Iron & Steel Co.; China Aerospace International Holdings Ltd, under the China National Aerospace Industrial Corp.; Everbright International Holdings Ltd. and Han Wah Holdings Ltd. under the China Everbright Group; and Paragon, under China National Petroleum and Natural Gas Corp.

—China-concept stocks: This refers to stocks closely related with mainland China or China-funded firms. This category can be divided into three groups. 1) Stocks where less than 30 percent is held by China-funded firms; 2) The company issuing the stocks cooperates with or forms a joint venture with a China-funded firm for business growth; and 3) The company issuing stocks has always invested on the mainland, such as Hopewell Holdings Ltd., which invests in the construction of expressways in Guangdong. However, the fact is that in Hong Kong, there are a large number of companies with close relations with mainland China, and of course the degree of closeness varies. Therefore, it is difficult to define, after all, what stocks belong to the category of a China-concept stock.

Statistical data can be obtained for the first three "red chips" companies. There are 37 companies in all, with a current market value of roughly HK$15.6 billion, accounting for 7 percent of the total market value of the Hong Kong bourse. Though this ratio is not significant, we should take into account the fact that the red chips have grown from scratch.

According to some estimates, with other investments included, total investment by mainland China in Hong Kong runs to the tune of U.S.$20 billion (about HK$155 billion), surpassing American or Japanese investment (each at roughly $6 billion), but less than British investment or Hong Kong Chinese-funded investment (each roughly over U.S.$30 billion). In other words, mainland China's investment ranks third in Hong Kong. Nevertheless, this is only an approximate estimate. As capital flows at a high speed, it is virtually impossible to obtain an accurate figure.

Then, what influence does the "China factor" exert on the economy of Hong Kong ? In an interview with the Hong Kong press, Mr. Tsang Shu-Kei, a Hong Kong economist, stated: "According to an estimate by Hang Seng Bank, in 1990, the force of the mainland China factor in the economy of Hong Kong could account for a quarter of GNP. In my opinion, this ratio has grown to 30 percent by now. In addition, some foreign investment comes to Hong Kong simply because investors are optimistic about the future of China, and this also brings economic growth and benefits to Hong Kong. With all these factors taken into account, it is safe to say that the effect of the mainland China factor could be even greater."

PRC Official Urges Review of Bankruptcy Law

HK0207060494 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 2 Jul 94 p 3

[By Carrie Lee]

[Text] China needs to seriously overhaul its regulation of bankruptcy cases if it is to modernise the operation of its enterprises, according to a senior Chinese official. The mainland is working out detailed rules covering the process of bankruptcy in a move to bolster its corporate regulatory regime in line with the new Company Law, which came into effect yesterday.

Jiang Qiangui, director of the Department of Enterprise Management at the State Economic and Trade Commission, said the details being drawn up covered issues such as liquidation for debt repayment, the use of bad debt funds, liability settlements, corporate takeovers and treatment of employees.

She said that in some mainland cities reform must start with the bankruptcy of enterprises with chronic losses which could repay their debts. "The practice of bankruptcy, in fact, takes account of the principle that state enterprises must assume responsibility for their profits and losses and that the state is subject only to limited liabilities," she said. "Meantime, it helps the flow of state assets in the market and the establishment of a social security system."

More than 900 enterprises, including 20 state enterprises, have declared themselves bankrupt in the six years since the implementation of the existing bankruptcy rules in 1988.

She also called for progress in other areas to assist the structural reform of state enterprises. Change was needed in the power structure within companies, she said, while decisionmaking must rest with the board of directors whose chairman should be legally elected.

Ms Jiang said that civil servants should be prohibited from acting as directors, managers or supervisors of enterprises. Remuneration for top managers must be decided by the board, while pay for directors should be decided by shareholders, she said.

She also called for change in the structuring of companies' assets to liability composition, in defining and identifying property rights, in the functional specialisation of monitoring authorities and in the social security system.

Speaking yesterday at a seminar organised by the City Polytechnic in Hong Kong, Ms Jiang said that such large scale systematic renovation of state enterprises in proportion to China's economy would be a complex task and should take place one step at a time.

The mainland's 70,000 state enterprises now account for half of the country's industrial output and more than 60 per cent of its pre-tax profits. "It is not possible to transform all of them, because we could not afford the cost. Nor is it necessary to transform all of them because some of them have unreasonable structures (and could not improve anyway)," she said. A total of 100 enterprises in cities, including Tianjin, Shanghai, Chongqing and Dalian, will pilot a structural transformation programme.

Meanwhile, the mainland is implementing a triangular debt rectification programme which focuses on the country's key industries—such as steel making—in northeastern China. China's Company Law has no provisions on share trading by company directors, insider dealing, or corporate governance.

Macao

'Top Two' DPRK Representatives Arraigned

HK0207080394 Hong Kong EASTERN EXPRESS in English 2 Jul 94 p 3

[Text] North Korea's top two representatives in Macao were among six people who appeared in the enclave's District Court yesterday on counterfeiting charges. Police sources identified the pair as Pak Cha-pyong, the head of the Zokwang Trading Company, and Kim Sok Chil, the head of the San Hap Trading Company.

The five North Koreans and one Macao Chinese suspected of being involved in passing counterfeit US$100 (HK$780) notes were released on $5,000 bail each late last night. Judiciary sources said the suspects were ordered to surrender their travel documents and told not to leave Macao pending trial. The sources also said the North Koreans had claimed that business associates had left the notes in one of their flats without their knowledge.

Among the six suspects appearing before the examining magistracy are three other North Korean "merchants" based in Macao—Kong Mun Hwa, Kim Yung Yong and Kim Jong Sop—and a local Chinese "businessman" by the name of Kuok Tou, born in mainland China.

Police sources said one of the North Korean suspects was using a diplomatic passport while other suspects had "more than one" travel document. A seventh North Korean suspect left Macao during the investigations into the counterfeit US dollar racket, police sources said.

Detectives yesterday continued to question several other North Korean and local Chinese residents in connection with the racket. Police sources said the investigations were now centred on the North Koreans' "grey zone of local and mainland China accomplices".

Operation Jade started last Wednesday [29 June] evening when dozens of judiciary police detectives raided more than 12 private flats and premises of the Zokwang and San Hap companies, taking 16 North Korean nationals into temporary police custody. Police

sources said that a "certain amount" of bogus US$100 notes had been found in the office of the Zokwang Trading Company during the raid. The judiciary police also found counterfeit US$100 notes deposited by the North Koreans in local bank accounts held by North Korean interests.

Operation Jade was triggered by a teller of the local Asia Delta Bank, who earlier this month noticed a number of North Koreans depositing counterfeit US$100 notes "mixed with genuine notes". The judiciary police have described the case as "grave" because of the "very high quality" of the bogus bills and the "cunning" method of introducing the counterfeit money into the Macao and Hong Kong banking systems. Business sources in Macao said the North Koreans had apparently chosen Macao as a "funnel" for the counterfeit money laundering operation.

Ding Guangen Meets With Press Group

OW0507163494 Beijing XINHUA in English 1352 GMT 5 Jul 94

[Text] Beijing, July 5 (XINHUA)—Ding Guangen, a member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee, met with a Macao press delegation here this afternoon.

The delegation, with Chiu Iu Nang, publisher of JORNAL VA KIO as its leader, and Lei Pang Chu, chief editor of the MACAO DAILY NEWS as its deputy leader, arrived here on July 3 as guests of the PEOPLE'S DAILY.

Ding, warmly welcoming the group of leading members from Macao's press circles, praised their efforts to inform Macao residents of the Chinese mainland's reform and open policy as well as its economic development. He spoke highly of their role in building closer links between Macao and the mainland.

Ding, also a member of the Secretariat of the CPC Central Committee, expressed the hope that the Macao press will continue to observe the principle of loving the motherland and loving Macao in running newspapers, and strive to increase mutual understanding.

Also, he urged the Macao press to further publicize the basic law for the future Macao Special Administrative Region and the principle of "one country, two systems", so as to help ensure stability, further development and a smooth transition of Macao.

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